



**PROPERTY AND CASUALTY COMPANIES—ASSOCIATION EDITION**

**ANNUAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2008  
OF THE CONDITION AND AFFAIRS OF THE  
RLI INSURANCE COMPANY**

NAIC Group Code	0783	NAIC Company Code	13056	Employer's ID Number	37-0915434
(Current Period)		(Prior Period)			
Organized under the Laws of	Illinois		State of Domicile or Port of Entry	Illinois	
Country of Domicile			United States		
Incorporated/Organized	06/04/1959		Commenced Business	11/15/1960	
Statutory Home Office	9025 N. Lindbergh Drive (Street and Number)		Peoria, IL 61615 (City or Town, State and Zip Code)		
Main Administrative Office	9025 N. Lindbergh Drive (Street and Number)		Peoria, IL 61615 (City or Town, State and Zip Code)	309-692-1000 (Area Code) (Telephone Number)	
Mail Address	9025 N. Lindbergh Drive (Street and Number or P.O. Box)		Peoria, IL 61615 (City or Town, State and Zip Code)		
Primary Location of Books and Records	9025 N. Lindbergh Drive (Street and Number)		Peoria, IL 61615 (City or Town, State and Zip Code)	309-692-1000-5468 (Area Code) (Telephone Number)	
Internet Website Address			www.rlicorp.com		
Statutory Statement Contact	Todd Wayne Bryant (Name)		309-692-1000-5468 (Area Code) (Telephone Number) (Extension)		
	todd_bryant@rlicorp.com (E-mail Address)		309-689-2079 (Fax Number)		

**OFFICERS**

Name	Title	Name	Title
Joseph Edward Dondanville	Sr. V.P., CFO	Jean Marie Stephenson	A.V.P., Corporate Secretary
John Edward Robison	Treasurer	Michael Joseph Stone	President & COO

**OTHER OFFICERS**

Jonathan Edward Michael	Chairman & CEO	Aaron Howard Jacoby	V.P., Corporate Development
Carol Jeanne Denzer	V.P., Chief Information Officer	Donald John Driscoll	V.P., Claim
Jeffrey Dean Fick	V.P., Human Resources	Seth Anthony Davis	V.P., Internal Audit
Daniel O'Connor Kennedy	V.P., General Counsel	Craig William Kliethermes	V.P., Actuarial Services
Andrew Brook McCray	V.P., Home Office Underwriting		

**DIRECTORS OR TRUSTEES**

Jonathan Edward Michael	Michael Joseph Stone	Joseph Edward Dondanville	Aaron Howard Jacoby
Carol Jeanne Denzer	Donald John Driscoll	Jeffrey Dean Fick	

State of Illinois.....

County of Peoria..... ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures Manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Joseph Edward Dondanville Sr. V.P., CFO	Jean Marie Stephenson A.V.P., Corporate Secretary	John Edward Robison Treasurer
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Subscribed and sworn to before me this  
25th day of February, 2009

Karen Schuble Tax Assistant  
September 20, 2009

- a. Is this an original filing? Yes [ X ] No [ ]  
 b. If no,  
 1. State the amendment number \_\_\_\_\_  
 2. Date filed \_\_\_\_\_  
 3. Number of pages attached \_\_\_\_\_

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY**

**SUMMARY INVESTMENT SCHEDULE**

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities .....	4,059,982	0.340	4,059,982	0.340
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies .....	1,927,191	0.161	1,927,191	0.162
1.22 Issued by U.S. government sponsored agencies .....	84,302,265	7.053	84,302,265	7.070
1.3 Foreign government (including Canada, excluding mortgaged-backed securities) .....		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations .....	19,696,425	1.648	19,696,425	1.652
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations .....	53,397,113	4.467	53,397,113	4.478
1.43 Revenue and assessment obligations .....	81,081,037	6.783	81,081,037	6.800
1.44 Industrial development and similar obligations .....		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA .....	6,375,705	0.533	6,375,705	0.535
1.512 Issued or guaranteed by FNMA and FHLMC .....	55,979,627	4.683	55,979,627	4.695
1.513 All other .....		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA .....	16,466,443	1.378	16,466,443	1.381
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521 .....		0.000		0.000
1.523 All other .....	22,015,196	1.842	22,015,196	1.846
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) .....	112,804,318	9.437	112,804,318	9.460
2.2 Unaffiliated foreign securities .....	15,312,829	1.281	15,312,829	1.284
2.3 Affiliated securities .....		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds .....		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated .....		0.000		0.000
3.22 Unaffiliated .....	812,800	0.068	812,800	0.068
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated .....		0.000		0.000
3.32 Unaffiliated .....	165,667,933	13.860	165,667,933	13.894
3.4 Other equity securities:				
3.41 Affiliated .....	472,747,764	39.550	470,109,429	39.425
3.42 Unaffiliated .....		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated .....		0.000		0.000
3.52 Unaffiliated .....		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development .....		0.000		0.000
4.2 Agricultural .....		0.000		0.000
4.3 Single family residential properties .....		0.000		0.000
4.4 Multifamily residential properties .....		0.000		0.000
4.5 Commercial loans .....		0.000		0.000
4.6 Mezzanine real estate loans .....		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company .....	9,051,800	0.757	8,781,991	0.736
5.2 Property held for the production of income (including \$ ..... of property acquired in satisfaction of debt) .....		0.000	0	0.000
5.3 Property held for sale (including \$ ..... property acquired in satisfaction of debt) .....		0.000	0	0.000
6. Contract loans .....		0.000	0	0.000
7. Receivables for securities .....	16,925,208	1.416	16,925,208	1.419
8. Cash, cash equivalents and short-term investments .....	56,690,060	4.743	56,690,060	4.754
9. Other invested assets .....		0.000		0.000
10. Total invested assets .....	1,195,313,696	100.000	1,192,405,552	100.000

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY**

**SCHEDULE A - VERIFICATION BETWEEN YEARS**

Real Estate

1. Book/adjusted carrying value, December 31 of prior year.....	6,477,214
2. Cost of acquired:	
2.1 Actual cost at time of acquisition (Part 2, Column 6).....	3,178,782
2.2 Additional investment made after acquisition (Part 2, Column 9).....	5,408
3. Current year change in encumbrances:	
3.1 Totals, Part 1, Column 13.....	0
3.2 Totals, Part 3, Column 11 .....	0
4. Total gain (loss) on disposals, Part 3, Column 18.....	0
5. Deduct amounts received on disposals, Part 3, Column 15.....	0
6. Total foreign exchange change in book/adjusted carrying value:	
6.1 Totals, Part 1, Column 15.....	0
6.2 Totals, Part 3, Column 13 .....	0
7. Deduct current year's other than temporary impairment recognized:	
7.1 Totals, Part 1, Column 12.....	0
7.2 Totals, Part 3, Column 10 .....	0
8. Deduct current year's depreciation:	
8.1 Totals, Part 1, Column 11.....	609,604
8.2 Totals, Part 3, Column 9 .....	609,604
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8).....	9,051,800
10. Deduct total nonadmitted amounts.....	.269,809
11. Statement value at end of current period (Line 9 minus Line 10).....	8,781,991

**SCHEDULE B - VERIFICATION BETWEEN YEARS**

Mortgage Loans

1. Book value/recording investment excluding accrued interest, December 31 of prior year.....	0
2. Cost of acquired:	
2.1 Actual cost at time of acquisition (Part 2, Column 7).....	0
2.2 Additional investment made after acquisition (Part 2, Column 8).....	0
3. Capitalized deferred interest and other:	
3.1 Totals, Part 1, Column 12.....	0
3.2 Totals, Part 3, Column 11 .....	0
4. Accrual of discount.....	
5. Unrealized valuation increase (decrease):	
5.1 Totals, Part 1, Column 9.....	0
5.2 Totals, Part 3, Column 8.....	0
6. Total gain (loss) on disposals, Part 3, Column 18.....	0
7. Deduct amounts received on disposals, Part 3, Column 15.....	0
8. Deduct amortization of premium and mortgage interest points and commitment fees.....	
9. Total foreign exchange change in book value/recording investment excluding accrued interest:	
9.1 Totals, Part 1, Column 13.....	0
9.2 Totals, Part 3, Column 13.....	0
10. Deduct current year's other than temporary impairment recognized:	
10.1 Totals, Part 1, Column 11.....	0
10.2 Totals, Part 3, Column 10.....	0
11. Book value/recording investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	0
12. Total valuation allowance.....	
13. Subtotal (Line 11 plus Line 12).....	0
14. Deduct total nonadmitted amounts.....	
15. Statement value at end of current period (Line 13 minus Line 14).....	0

**NONE**

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY**

**SCHEDULE BA - VERIFICATION BETWEEN YEARS**

Other Long-Term Invested Assets

1. Book/adjusted carrying value, December 31 of prior year.....	0
2. Cost of acquired:	
2.1 Actual cost at time of acquisition (Part 2, Column 8).....	0
2.2 Additional investment made after acquisition (Part 2, Column 9).....	0
3. Capitalized deferred interest and other:	
3.1 Totals, Part 1, Column 16.....	0
3.2 Totals, Part 3, Column 12.....	0
4. Accrual of discount.....	0
5. Unrealized valuation increase (decrease):	
5.1 Totals, Part 1, Column 13.....	0
5.2 Totals, Part 3, Column 9.....	0
6. Total gain (loss) on disposals, Part 3, Column 19.....	0
7. Deduct amounts received on disposals, Part 3, Column 16.....	0
8. Deduct amortization of premium and depreciation.....	0
9. Total foreign exchange change in book/adjusted carrying value:	
9.1 Totals, Part 1, Column 17.....	0
9.2 Totals, Part 3, Column 14.....	0
10. Deduct current year's other than temporary impairment recognized:	
10.1 Totals, Part 1, Column 15.....	0
10.2 Totals, Part 3, Column 11.....	0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	0
12. Deduct total nonadmitted amounts.....	0
13. Statement value at end of current period (Line 11 minus Line 12).....	0

**NONE**

**SCHEDULE D - VERIFICATION BETWEEN YEARS**

Bonds and Stocks

1. Book /adjusted carrying value, December 31 of prior year.....	1,256,511,867	
2. Cost of bonds and stocks acquired, Column 7, Part 3.....	179,515,885	
3. Accrual of discount.....	254,979	
4. Unrealized valuation increase (decrease):		
4.1 Column 12, Part 1.....	(519,587)	
4.2 Column 15, Part 2, Section 1.....	0	
4.3 Column 13, Part 2, Section 2.....	(46,388,701)	
4.4 Column 11, Part 4.....	(10,508,253) .....	(57,416,541)
5. Total gain (loss) on disposals, Column 19, Part 4.....	(7,168,936)	
6. Deduction consideration for bonds and stocks disposed of, Column 7, Part 4.....	244,052,961	
7. Deduct amortization of premium.....	2,103,231	
8. Total foreign exchange change in book/adjusted carrying value:		
8.1 Column 15, Part 1.....	0	
8.2 Column 19, Part 2, Section 1.....	0	
8.3 Column 16, Part 2, Section 2.....	0	
8.4 Column 15, Part 4.....	0	
9. Deduct current year's other than temporary impairment recognized:		
9.1 Column 14, Part 1.....	1,950,879	
9.2 Column 17, Part 2, Section 1.....	187,200	
9.3 Column 14, Part 2, Section 2.....	7,538,267	
9.4 Column 13, Part 4.....	3,218,088 .....	12,894,434
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	1,112,646,628	
11. Deduct total nonadmitted amounts.....	2,638,335	
12. Statement value at end of current period (Line 10 minus Line 11).....	1,110,008,293	

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY**

**SCHEDULE D - SUMMARY BY COUNTRY**

Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
<b>BONDS</b> Governments (Including all obligations guaranteed by governments)	1. United States .....	96,665,143	98,850,221	96,682,080	96,836,658
	2. Canada .....				
	3. Other Countries .....				
	4. Totals .....	96,665,143	98,850,221	96,682,080	96,836,658
States, Territories and Possessions (Direct and guaranteed)	5. United States .....	19,696,425	20,446,538	20,396,622	19,115,000
	6. Canada .....				
	7. Other Countries .....				
	8. Totals .....	19,696,425	20,446,538	20,396,622	19,115,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States .....	53,397,113	54,282,612	55,936,599	50,705,000
	10. Canada .....				
	11. Other Countries .....				
	12. Totals .....	53,397,113	54,282,612	55,936,599	50,705,000
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States .....	153,527,107	156,380,914	156,828,188	149,630,811
	14. Canada .....				
	15. Other Countries .....				
	16. Totals .....	153,527,107	156,380,914	156,828,188	149,630,811
Public Utilities (unaffiliated)	17. United States .....	12,740,551	12,521,724	12,917,482	12,635,000
	18. Canada .....				
	19. Other Countries .....	44,851	40,006	44,835	45,000
	20. Totals .....	12,785,402	12,561,730	12,962,317	12,680,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States .....	120,062,298	112,473,617	121,361,479	121,640,550
	22. Canada .....	2,016,665	1,921,768	1,997,409	2,050,000
	23. Other Countries .....	15,267,978	13,176,591	15,414,463	15,035,000
	24. Totals .....	137,346,941	127,571,976	138,773,351	138,725,550
Parent, Subsidiaries and Affiliates	25. Totals .....	0	0	0	0
	<b>26. Total Bonds</b>	<b>473,418,131</b>	<b>470,093,991</b>	<b>481,579,157</b>	<b>467,693,019</b>
<b>PREFERRED STOCKS</b> Public Utilities (unaffiliated)	27. United States .....				
	28. Canada .....				
	29. Other Countries .....				
	30. Totals .....	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	31. United States .....				
	32. Canada .....				
	33. Other Countries .....				
	34. Totals .....	0	0	0	
Industrial and Miscellaneous (unaffiliated)	35. United States .....	812,800	840,000	812,800	
	36. Canada .....				
	37. Other Countries .....				
	38. Totals .....	812,800	840,000	812,800	
Parent, Subsidiaries and Affiliates	39. Totals .....	0	0	0	
	<b>40. Total Preferred Stocks</b>	<b>812,800</b>	<b>840,000</b>	<b>812,800</b>	
<b>COMMON STOCKS</b> Public Utilities (unaffiliated)	41. United States .....	31,163,326	31,163,326	20,332,558	
	42. Canada .....				
	43. Other Countries .....				
	44. Totals .....	31,163,326	31,163,326	20,332,558	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States .....	12,140,824	12,140,824	8,804,492	
	46. Canada .....				
	47. Other Countries .....				
	48. Totals .....	12,140,824	12,140,824	8,804,492	
Industrial and Miscellaneous (unaffiliated)	49. United States .....	120,172,612	120,172,612	108,594,359	
	50. Canada .....				
	51. Other Countries .....	2,191,171	2,191,171	1,158,924	
	52. Totals .....	122,363,783	122,363,783	109,753,283	
Parent, Subsidiaries and Affiliates	53. Totals .....	472,747,764	472,747,764	145,688,624	
	<b>54. Total Common Stocks</b>	<b>638,415,697</b>	<b>638,415,697</b>	<b>284,578,957</b>	
	<b>55. Total Stocks</b>	<b>639,228,497</b>	<b>639,255,697</b>	<b>285,391,757</b>	
	<b>56. Total Bonds and Stocks</b>	<b>1,112,646,628</b>	<b>1,109,349,688</b>	<b>766,970,914</b>	

## ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY

## SCHEDULE D - PART 1A - SECTION 1

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
<b>1. U.S. Governments, (Group 1)</b>											
1.1 Class 1 .....	27,675,778	12,083,501	8,838,071	45,886,004	4,308,290	98,791,644	18.5	116,977,778	19.9	98,791,644	
1.2 Class 2 .....						0	0.0	0	0.0		
1.3 Class 3 .....						0	0.0	0	0.0		
1.4 Class 4 .....						0	0.0	0	0.0		
1.5 Class 5 .....						0	0.0	0	0.0		
1.6 Class 6 .....						0	0.0	0	0.0		
1.7 Totals .....	27,675,778	12,083,501	8,838,071	45,886,004	4,308,290	98,791,644	18.5	116,977,778	19.9	98,791,644	0
<b>2. All Other Governments, (Group 2)</b>											
2.1 Class 1 .....						0	0.0	0	0.0		
2.2 Class 2 .....						0	0.0	0	0.0		
2.3 Class 3 .....						0	0.0	0	0.0		
2.4 Class 4 .....						0	0.0	0	0.0		
2.5 Class 5 .....						0	0.0	0	0.0		
2.6 Class 6 .....						0	0.0	0	0.0		
2.7 Totals .....	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>3. States, Territories and Possessions etc., Guaranteed, (Group 3)</b>											
3.1 Class 1 .....	5,003,383	10,124,775	3,080,079	1,488,188		19,696,425	3.7	30,223,014	5.1	19,696,425	
3.2 Class 2 .....						0	0.0	0	0.0		
3.3 Class 3 .....						0	0.0	0	0.0		
3.4 Class 4 .....						0	0.0	0	0.0		
3.5 Class 5 .....						0	0.0	0	0.0		
3.6 Class 6 .....						0	0.0	0	0.0		
3.7 Totals .....	5,003,383	10,124,775	3,080,079	1,488,188	0	19,696,425	3.7	30,223,014	5.1	19,696,425	0
<b>4. Political Subdivisions of States, Territories and Possessions, Guaranteed, (Group 4)</b>											
4.1 Class 1 .....	999,833	28,130,226	24,072,093			53,202,152	9.9	56,294,245	9.6	53,202,153	
4.2 Class 2 .....	194,961					194,961	0.0	0	0.0	194,961	
4.3 Class 3 .....						0	0.0	0	0.0		
4.4 Class 4 .....						0	0.0	0	0.0		
4.5 Class 5 .....						0	0.0	0	0.0		
4.6 Class 6 .....						0	0.0	0	0.0		
4.7 Totals .....	1,194,794	28,130,226	24,072,093	0	0	53,397,113	10.0	56,294,245	9.6	53,397,114	0
<b>5. Special Revenue &amp; Special Assessment Obligations etc., Non-Guaranteed, (Group 5)</b>											
5.1 Class 1 .....	13,168,539	75,635,655	45,030,530	5,168,863	12,407,222	151,410,809	28.3	199,010,146	33.8	151,410,809	
5.2 Class 2 .....		1,059,851	1,056,447			2,116,298	0.4	0	0.0	2,116,298	
5.3 Class 3 .....						0	0.0	0	0.0		
5.4 Class 4 .....						0	0.0	0	0.0		
5.5 Class 5 .....						0	0.0	0	0.0		
5.6 Class 6 .....						0	0.0	0	0.0		
5.7 Totals .....	13,168,539	76,695,506	46,086,977	5,168,863	12,407,222	153,527,107	28.7	199,010,146	33.8	153,527,107	0

## ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY

**SCHEDULE D - PART 1A - SECTION 1 (continued)**

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
<b>6. Public Utilities (Unaffiliated), (Group 6)</b>											
6.1 Class 1	1,000,552	4,574,467	3,142,216			8,717,235	1.6	7,847,014	1.3	8,717,235	
6.2 Class 2		3,040,769	998,413		28,985	4,068,167	0.8	4,083,111	0.7	4,068,167	
6.3 Class 3						0	0.0	0	0.0		
6.4 Class 4						0	0.0	0	0.0		
6.5 Class 5						0	0.0	0	0.0		
6.6 Class 6						0	0.0	0	0.0		
6.7 Totals	1,000,552	7,615,236	4,140,629	0	28,985	12,785,402	2.4	11,930,125	2.0	12,785,402	0
<b>7. Industrial &amp; Miscellaneous (Unaffiliated), (Group 7)</b>											
7.1 Class 1	62,527,266	44,105,902	55,282,961	7,085,561	1,680,759	170,682,449	31.9	151,862,971	25.8	142,694,193	27,988,254
7.2 Class 2		7,547,410	16,217,664	1,071,351	80,867	24,917,292	4.7	22,327,464	3.8	20,290,105	4,627,185
7.3 Class 3			1,480,000			1,480,000	0.3	0	0.0	1,480,000	
7.4 Class 4						0	0.0	0	0.0		
7.5 Class 5						0	0.0	0	0.0		
7.6 Class 6			5,700			5,700	0.0	0	0.0	5,700	
7.7 Totals	62,527,266	51,653,312	72,986,325	8,156,912	1,761,626	197,085,441	36.8	174,190,435	29.6	164,469,998	32,615,439
<b>8. Credit Tenant Loans, (Group 8)</b>											
8.1 Class 1						0	0.0	0	0.0		
8.2 Class 2						0	0.0	0	0.0		
8.3 Class 3						0	0.0	0	0.0		
8.4 Class 4						0	0.0	0	0.0		
8.5 Class 5						0	0.0	0	0.0		
8.6 Class 6						0	0.0	0	0.0		
8.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>9. Parent, Subsidiaries and Affiliates, (Group 9)</b>											
9.1 Class 1						0	0.0	0	0.0		
9.2 Class 2						0	0.0	0	0.0		
9.3 Class 3						0	0.0	0	0.0		
9.4 Class 4						0	0.0	0	0.0		
9.5 Class 5						0	0.0	0	0.0		
9.6 Class 6						0	0.0	0	0.0		
9.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY**

**SCHEDULE D - PART 1A - SECTION 1 (continued)**

**Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations**

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
<b>10. Total Bonds Current Year</b>											
10.1 Class 1	(d) 110,375,351	174,654,526	139,445,950	.59,628,616	18,396,271	502,500,714	.93.9	XXX	XXX	474,512,459	27,988,254
10.2 Class 2	(d) 194,961	11,648,030	18,272,524	1,071,351	109,852	31,296,718	.5.8	XXX	XXX	26,669,531	4,627,185
10.3 Class 3	(d) 0	0	1,480,000	0	0	1,480,000	.0.3	XXX	XXX	1,480,000	0
10.4 Class 4	(d) 0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.5 Class 5	(d) 0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.6 Class 6	(d) 0	0	5,700	0	0	5,700	0.0	XXX	XXX	5,700	0
10.7 Totals	110,570,312	186,302,556	159,204,174	60,699,967	18,506,123	(b) 535,283,132	100.0	XXX	XXX	502,667,690	32,615,439
10.8 Line 10.7 as a % of Col. 6	20.7	34.8	29.7	11.3	3.5	100.0	XXX	XXX	XXX	93.9	6.1
<b>11. Total Bonds Prior Year</b>											
11.1 Class 1	89,527,641	178,818,825	235,821,090	33,487,652	24,559,960	XXX	XXX	.562,215,168	95.5	525,296,714	36,918,456
11.2 Class 2	0	5,169,101	17,977,389	2,994,325	269,760	XXX	XXX	26,410,575	4.5	21,920,106	4,490,467
11.3 Class 3	0	0	0	0	0	XXX	XXX	0	0.0	0	0
11.4 Class 4	0	0	0	0	0	XXX	XXX	0	0.0	0	0
11.5 Class 5	0	0	0	0	0	XXX	XXX	(c) 0	0.0	0	0
11.6 Class 6	0	0	0	0	0	XXX	XXX	(c) 0	0.0	0	0
11.7 Totals	89,527,641	183,987,926	253,798,479	36,481,977	24,829,720	XXX	XXX	(b) .588,625,743	100.0	547,216,820	.41,408,923
11.8 Line 11.7 as a % of Col. 8	15.2	31.3	43.1	6.2	4.2	XXX	XXX	100.0	XXX	93.0	7.0
<b>12. Total Publicly Traded Bonds</b>											
12.1 Class 1	110,329,521	162,442,694	125,842,381	.57,626,126	18,271,737	474,512,459	.88.6	.525,296,712	89.2	474,512,459	XXX
12.2 Class 2	194,961	10,648,016	14,645,350	1,071,351	109,852	.26,669,530	.5.0	.21,920,106	3.7	.26,669,530	XXX
12.3 Class 3			1,480,000			1,480,000	.0.3	0	.0.0	1,480,000	XXX
12.4 Class 4						0	0.0	0	0.0	0	XXX
12.5 Class 5						0	0.0	0	0.0	0	XXX
12.6 Class 6			5,700			5,700	0.0	0	0.0	5,700	XXX
12.7 Totals	110,524,482	173,090,710	141,973,431	.58,697,477	18,381,589	502,667,689	.93.9	.547,216,818	93.0	502,667,689	XXX
12.8 Line 12.7 as a % of Col. 6	22.0	34.4	28.2	11.7	3.7	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	20.6	32.3	26.5	11.0	3.4	93.9	XXX	XXX	XXX	93.9	XXX
<b>13. Total Privately Placed Bonds</b>											
13.1 Class 1	45,827	12,211,834	13,603,569	2,002,487	124,533	.27,988,250	.5.2	.36,918,457	.6.3	XXX	27,988,250
13.2 Class 2		1,000,013	3,627,172			.4,627,185	.0.9	.4,490,468	.0.8	XXX	4,627,185
13.3 Class 3						0	0.0	0	0.0	XXX	0
13.4 Class 4						0	0.0	0	0.0	XXX	0
13.5 Class 5						0	0.0	0	0.0	XXX	0
13.6 Class 6						0	0.0	0	0.0	XXX	0
13.7 Totals	45,827	13,211,847	17,230,741	2,002,487	124,533	.32,615,435	.6.1	.41,408,925	.7.0	XXX	.32,615,435
13.8 Line 13.7 as a % of Col. 6	0.1	40.5	.52.8	6.1	0.4	100.0	XXX	XXX	XXX	100.0	XXX
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.0	2.5	3.2	0.4	0.0	6.1	XXX	XXX	XXX	XXX	6.1

(a) Includes \$ 11,600,227 freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.

(b) Includes \$ current year, \$ prior year of bonds with Z designations and \$ current year, \$ prior year of bonds with Z\* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z\*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.

(c) Includes \$ current year, \$ prior year of bonds with 5\* designations and \$ current year, \$ prior year of bonds with 6\* designations. "5\*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6\*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

(d) Includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$ 61,865,001 ; NAIC 2 \$ ; NAIC 3 \$ ; NAIC 4 \$ ; NAIC 5 \$ ; NAIC 6 \$ .

## ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY

## SCHEDULE D - PART 1A - SECTION 2

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
<b>1. U.S. Governments. (Group 1)</b>											
1.1 Issuer Obligations	27,286,593	11,020,556	8,301,048	45,641,733	166,009	92,415,939	17.3	112,059,644	19.0	92,415,939	
1.2 Single Class Mortgage-Backed/Asset-Backed Securities	389,188	1,062,946	537,023	244,268	4,142,280	6,375,705	1.2	4,918,134	0.8	6,375,705	
1.7 Totals	27,675,781	12,083,502	8,838,071	45,886,001	4,308,289	98,791,644	18.5	116,977,778	19.9	98,791,644	0
<b>2. All Other Governments. (Group 2)</b>											
2.1 Issuer Obligations						0	0.0	0	0.0		
2.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES						0	0.0	0	0.0		
2.3 Defined						0	0.0	0	0.0		
2.4 Other						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES						0	0.0	0	0.0		
2.5 Defined						0	0.0	0	0.0		
2.6 Other						0	0.0	0	0.0		
2.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>3. States, Territories, and Possessions Guaranteed. (Group 3)</b>											
3.1 Issuer Obligations	5,003,382	10,124,776	3,080,079	1,488,188		19,696,425	3.7	30,223,014	5.1	19,696,425	
3.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES						0	0.0	0	0.0		
3.3 Defined						0	0.0	0	0.0		
3.4 Other						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES						0	0.0	0	0.0		
3.5 Defined						0	0.0	0	0.0		
3.6 Other						0	0.0	0	0.0		
3.7 Totals	5,003,382	10,124,776	3,080,079	1,488,188	0	19,696,425	3.7	30,223,014	5.1	19,696,425	0
<b>4. Political Subdivisions of States, Territories and Possessions, Guaranteed. (Group 4)</b>											
4.1 Issuer Obligations	1,194,794	28,130,226	24,072,093			53,397,113	10.0	56,294,245	9.6	53,397,113	
4.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES						0	0.0	0	0.0		
4.3 Defined						0	0.0	0	0.0		
4.4 Other						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES						0	0.0	0	0.0		
4.5 Defined						0	0.0	0	0.0		
4.6 Other						0	0.0	0	0.0		
4.7 Totals	1,194,794	28,130,226	24,072,093	0	0	53,397,113	10.0	56,294,245	9.6	53,397,113	0
<b>5. Special Revenue &amp; Special Assessment Obligations etc., Non-Guaranteed. (Group 5)</b>											
5.1 Issuer Obligations	2,250,781	50,729,135	25,816,660	2,284,459		81,081,035	15.1	106,315,418	18.1	81,081,035	
5.2 Single Class Mortgage-Backed/Asset-Backed Securities	10,455,088	21,344,002	9,253,331	2,519,986	12,407,222	55,979,629	10.5	75,915,541	12.9	55,979,629	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES						0	0.0	0	0.0		
5.3 Defined	462,671	4,622,368	11,016,986	364,418		16,466,443	3.1	16,779,187	2.9	16,466,443	
5.4 Other						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES						0	0.0	0	0.0		
5.5 Defined						0	0.0	0	0.0		
5.6 Other						0	0.0	0	0.0		
5.7 Totals	13,168,540	76,695,505	46,086,977	5,168,863	12,407,222	153,527,107	28.7	199,010,146	33.8	153,527,107	0

## ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY

**SCHEDULE D - PART 1A - SECTION 2 (continued)**

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed	
<b>6. Public Utilities (Unaffiliated), (Group 6)</b>												
6.1 Issuer Obligations .....	1,000,552	7,615,236	4,140,629		28,985	12,785,402	2.4	11,930,125	2.0	12,785,402		
6.2 Single Class Mortgage-Backed/Asset-Based Securities .....					0	0	0.0	0	0.0			
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES .....					0	0	0.0	0	0.0			
6.3 Defined .....					0	0	0.0	0	0.0			
6.4 Other .....					0	0	0.0	0	0.0			
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES .....					0	0	0.0	0	0.0			
6.5 Defined .....					0	0	0.0	0	0.0			
6.6 Other .....					0	0	0.0	0	0.0			
<b>6.7 Totals</b>	<b>1,000,552</b>	<b>7,615,236</b>	<b>4,140,629</b>		<b>0</b>	<b>28,985</b>	<b>12,785,402</b>	<b>2.4</b>	<b>11,930,125</b>	<b>2.0</b>	<b>12,785,402</b>	<b>0</b>
<b>7. Industrial &amp; Miscellaneous (Unaffiliated), (Group 7)</b>												
7.1 Issuer Obligations .....	60,738,546	32,293,376	61,553,856	8,156,912	1,637,093	164,379,783	30.7	126,800,093	21.5	153,779,535	10,600,245	
7.2 Single Class Mortgage-Backed/Asset-Based Securities .....					0	0	0.0	91,671	0.0			
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES .....					0	0	0.0	65,139	0.0			
7.3 Defined .....					0	0	0.0	0	0.0			
7.4 Other .....					0	0	0.0	0	0.0			
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES .....					0	0	0.0	0	0.0			
7.5 Defined .....	45,827	12,211,834	9,633,002		124,533	22,015,196	4.1	29,382,835	5.0		22,015,193	
7.6 Other .....	1,742,892	7,148,102	1,799,468		0	10,690,462	2.0	17,850,697	3.0	10,690,464		
<b>7.7 Totals</b>	<b>62,527,265</b>	<b>51,653,312</b>	<b>72,986,326</b>	<b>8,156,912</b>	<b>1,761,626</b>	<b>197,085,441</b>	<b>36.8</b>	<b>174,190,435</b>	<b>29.6</b>	<b>164,469,999</b>	<b>32,615,438</b>	
<b>8. Credit Tenant Loans, (Group 8)</b>												
8.1 Issuer Obligations .....					0	0	0.0	0	0.0			
<b>8.7 Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	
<b>9. Parents, Subsidiaries and Affiliates, (Group 9)</b>												
9.1 Issuer Obligations .....						0	0.0	0	0.0			
9.2 Single Class Mortgage-Backed/Asset-Based Securities .....						0	0.0	0	0.0			
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES .....						0	0.0	0	0.0			
9.3 Defined .....						0	0.0	0	0.0			
9.4 Other .....						0	0.0	0	0.0			
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES .....						0	0.0	0	0.0			
9.5 Defined .....						0	0.0	0	0.0			
9.6 Other .....						0	0.0	0	0.0			
<b>9.7 Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY**

**SCHEDULE D - PART 1A - SECTION 2 (continued)**

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total From Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
<b>10. Total Bonds Current Year</b>											
10.1 Issuer Obligations	97,474,648	139,913,305	126,964,365	57,571,292	1,832,087	423,755,697	79.2	XXX	XXX	413,155,449	10,600,245
10.2 Single Class Mortgage-Backed/Asset-Backed Securities	10,844,276	22,406,948	9,790,354	2,764,254	16,549,502	62,355,334	11.6	XXX	XXX	62,355,334	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
10.3 Defined	462,671	4,622,368	11,016,986	364,418	0	16,466,443	3.1	XXX	XXX	16,466,443	0
10.4 Other	0	0	0	0	0	0	0.0	XXX	XXX	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
10.5 Defined	45,827	12,211,834	9,633,002	0	124,533	22,015,196	4.1	XXX	XXX	0	22,015,193
10.6 Other	1,742,892	7,148,102	1,799,468	0	0	10,690,462	2.0	XXX	XXX	10,690,464	0
10.7 Totals	110,570,314	186,302,557	159,204,175	60,699,964	18,506,122	535,283,132	100.0	XXX	XXX	502,667,690	32,615,438
10.8 Line 10.7 as a % of Col. 6	20.7	34.8	29.7	11.3	3.5	100.0	XXX	XXX	XXX	93.9	6.1
<b>11. Total Bonds Prior Year</b>											
11.1 Issuer Obligations	78,583,917	138,261,442	203,746,739	21,002,461	2,027,980	XXX	XXX	443,622,539	75.4	433,161,547	10,460,995
11.2 Single Class Mortgage-Backed/Asset-Backed Securities	7,322,790	25,358,989	16,706,822	10,713,116	20,823,629	XXX	XXX	80,925,346	13.7	80,925,346	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
11.3 Defined	292,760	1,165,608	12,318,902	3,067,056	0	XXX	XXX	16,844,326	2.9	16,779,186	65,139
11.4 Other	0	0	0	0	0	XXX	XXX	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
11.5 Defined	0	8,878,117	20,026,564	0	478,154	XXX	XXX	29,382,835	5.0	0	29,382,835
11.6 Other	3,328,174	10,323,771	999,453	1,699,344	1,499,955	XXX	XXX	17,850,697	3.0	16,350,742	1,499,955
11.7 Totals	89,527,641	183,987,927	253,798,480	36,481,977	24,829,718	XXX	XXX	588,625,743	100.0	547,216,821	41,408,924
11.8 Line 11.7 as a % of Col. 8	15.2	31.3	43.1	6.2	4.2	XXX	XXX	100.0	XXX	93.0	7.0
<b>12. Total Publicly Traded Bonds</b>											
12.1 Issuer Obligations	97,474,643	138,913,292	119,366,623	55,568,804	1,832,087	413,155,449	77.2	433,161,547	73.6	413,155,449	XXX
12.2 Single Class Mortgage-Backed/Asset-Backed Securities	10,844,276	22,406,947	9,790,353	2,764,255	16,549,502	62,355,333	11.6	80,925,345	13.7	62,355,333	XXX
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
12.3 Defined	462,671	4,622,368	11,016,986	364,418		16,466,443	3.1	16,779,187	2.9	16,466,443	XXX
12.4 Other						0	0.0	0	0.0	0	XXX
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
12.5 Defined						0	0.0	0	0.0	0	XXX
12.6 Other	1,742,892	7,148,102	1,799,468			10,690,462	2.0	16,350,742	2.8	10,690,462	XXX
12.7 Totals	110,524,482	173,090,709	141,973,430	58,697,477	18,381,589	502,667,687	93.9	547,216,821	93.0	502,667,687	XXX
12.8 Line 12.7 as a % of Col. 6	22.0	34.4	28.2	11.7	3.7	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	20.6	32.3	26.5	11.0	3.4	93.9	XXX	XXX	XXX	93.9	XXX
<b>13. Total Privately Placed Bonds</b>											
13.1 Issuer Obligations		1,000,013	7,597,738	2,002,487		10,600,238	2.0	10,460,995	1.8	XXX	10,600,238
13.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0	0	0.0	XXX	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
13.3 Defined						0	0.0	65,139	0.0	XXX	0
13.4 Other						0	0.0	0	0.0	XXX	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
13.5 Defined	45,827	12,211,834	9,633,002		124,533	22,015,196	4.1	29,382,835	5.0	XXX	22,015,196
13.6 Other						0	0.0	1,499,953	0.3	XXX	0
13.7 Totals	45,827	13,211,847	17,230,740	2,002,487	124,533	32,615,434	6.1	41,408,922	7.0	XXX	32,615,434
13.8 Line 13.7 as a % of Col. 6	0.1	40.5	52.8	6.1	0.4	100.0	XXX	XXX	XXX	100.0	
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.0	2.5	3.2	0.4	0.0	6.1	XXX	XXX	XXX	XXX	6.1

## ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY

## SCHEDULE DA - VERIFICATION BETWEEN YEARS

	Short-Term Investments				
	1 Total	2 Bonds	3 Mortgage Loans	4 Other Short-term Investment Assets(a)	5 Investments in Parent, Subsidiaries and Affiliates
1. Book/adjusted carrying value, December 31 of prior year.....	33,799,413	33,799,413	0	0	0
2. Cost of short-term investments acquired.....	79,315,136	79,315,136			
3. Accrual of discount.....	0				
4. Unrealized valuation increase (decrease).....	0				
5. Total gain (loss) on disposals.....	0				
6. Deduct consideration received on disposals.....	51,249,548	51,249,548			
7. Deduct amortization of premium.....	0				
8. Total foreign exchange change in book/adjusted carrying value.....	0				
9. Deduct current year's other than temporary impairment recognized.....	0				
10. Book adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	61,865,001	61,865,001	0	0	0
11. Deduct total nonadmitted amounts.....	0				
12. Statement value at end of current period (Line 10 minus Line 11).....	61,865,001	61,865,001	0	0	0

(a) Indicate the category of such assets, for example, joint ventures, transportation equipment: .....

Schedule DB - Part A - VBY  
**NONE**

Schedule DB - Part B - VBY  
**NONE**

Schedule DB - Part C - VBY  
**NONE**

Schedule DB - Part D - VBY  
**NONE**

Schedule DB - Part E - VBY  
**NONE**

Schedule DB - Part F - Section 1  
**NONE**

Schedule DB - Part F - Section 2  
**NONE**

Schedule E - Verification  
**NONE**

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY**

**SCHEDULE A - PART 1**

Showing All Real Estate OWNED December 31 of Current Year

1 Description Of Property	2 Code	Location		5 Date of Last Appraisal	6 Actual Cost	7 Amount of Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances	9 Fair Value Less Encumbrances	10 Change in Book/Adjusted Carrying Value Less Encumbrances	Change in Book/Adjusted Carrying Value Less Encumbrances					16 Gross Income Earned Less Interest Incurred on Encumbrances	17 Taxes, Repairs, and Expenses Incurred
		3 City	4 State							11 Current Year's Depreciation	12 Current Year's Other Than Temporary Impairment Recognized	13 Current Year's Changes in Encumbrances	14 Total Change in B/A. C. V. (13 - 11 - 12)	15 Total Foreign Exchange Change in B./A. C. V.		
LAND AND IMPROVEMENTS.....		PEORIA.....	IL.....	.01/01/1970.....	.01/01/2007.....	3,274,459	3,265,974	3,040,505	.40,868				(40,868)	0	204,096	.126,438
OFFICE BUILDING-MAIN.....		PEORIA.....	IL.....	.12/16/1971.....	.01/01/2007.....	10,757,604	3,310,749	4,115,000	.438,614				(438,614)	0	670,517	.415,387
OFFICE BUILDING-HALE AVE.....		PEORIA.....	IL.....	.06/22/1994.....	.01/01/2007.....	350,046	56,173	.160,000	.7,915				(7,915)	0	21,818	.13,516
OFFICE BUILDING-BIRD AVE.....		PEORIA.....	IL.....	.07/26/1993.....	.01/01/2007.....	963,244	.398,905	.230,000	.62,207				(62,207)	0	60,039	.37,194
OFFICE BUILDING - LINDBERGH.....		PEORIA.....	IL.....	.05/01/2008.....	.02/15/2008.....	2,700,000	2,640,000	2,580,000	.60,000				(60,000)	0	168,290	.104,256
0299999 - Property occupied by the reporting entity - Administrative						18,045,354		9,051,801	10,125,505	609,604			(609,604)	0	1,124,760	696,791
0399999 - Total property occupied by the reporting entity						18,045,354		9,051,801	10,125,505	609,604			(609,604)	0	1,124,760	696,791
0699999 Totals						18,045,354		9,051,801	10,125,505	609,604			(609,604)	0	1,124,760	696,791

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**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY**

**SCHEDULE A - PART 2**

Showing All Real Estate ACQUIRED and Additions Made During the Year

1 Description of Property	Location		4 Date Acquired	5 Name of Vendor	6 Actual Cost at Time of Acquisition	7 Amount of Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances	9 Additional Investment Made After Acquisition
	2 City	3 State						
WATERPROOFING AND SUBDRAIN.....	PEORIA	IL	01/17/2008	GNL CONSTRUCTION UNLIMITED.....	0		1,951	1,951
FLOOR TILE.....	PEORIA	IL	04/01/2008	TAZEWELL FLOOR COVERING, INC.....	7,736		7,736	7,736
LAND-9000 LINDBERGH.....	PEORIA	IL	05/01/2008	ST INVESTMENT PROPERTIES LLC.....	420,000		420,000	420,000
BUILDING - 9000 LINDBERGH.....	PEORIA	IL	05/01/2008	ST INVESTMENT PROPERTIES LLC.....	2,700,000		2,700,000	2,700,000
PARKING LOT REPAIR.....	PEORIA	IL	07/07/2008	PERDUE'S SEALCOAT & PAVING, INC.....	7,706		7,706	7,706
PATIO FLOOR DECKING.....	MANHATTAN	NY	08/08/2008	BROADWAY 1384 LLC.....	7,800		7,800	7,800
CARPET.....	PEORIA	IL	09/10/2008	TAZEWELL FLOOR COVERING, INC.....	2,152		2,152	2,152
ELECTRICAL OUTLETS & DOOR REPLACEMENTS.....	STAMFORD	CT	09/10/2008	C.W. BROWN INC.....	7,918		7,918	7,918
GLASS WALLED OFFICE.....	SUMMIT	NJ	09/11/2008	THE MAPLE GROUP LLC.....	16,930		16,930	16,930
POND RETENTION WALL REPAIR.....	PEORIA	IL	09/12/2008	KRUMHOLZ BROS. LANDSCAPING.....	3,375		3,375	3,375
CARPET.....	PEORIA	IL	10/01/2008	GNL CONSTRUCTION UNLIMITED.....			405	405
GLASS WALLED OFFICE.....	PEORIA	IL	10/09/2008	THE MAPLE GROUP LLC.....			2,712	2,712
STAIR TREADS.....	PEORIA	IL	11/01/2008	TAZEWELL FLOOR COVERING, INC.....	2,137		2,137	2,137
GLASS WALLED OFFICE.....	PEORIA	IL	11/01/2008	THE MAPLE GROUP LLC.....			.340	.340
UNDERGROUND DOWNSPOUTS.....	PEORIA	IL	12/01/2008	CGM.....	3,028		3,028	3,028
0199999 - Acquired by purchase					3,178,782		3,184,190	5,408
.....	.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....
0399999 - Totals					3,178,782		3,184,190	5,408

Schedule A - Part 3  
**NONE**

Schedule B - Part 1  
**NONE**

Schedule B - Part 2  
**NONE**

Schedule B - Part 3  
**NONE**

Schedule BA - Part 1  
**NONE**

Schedule BA - Part 2  
**NONE**

Schedule BA - Part 3  
**NONE**

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY**

**SCHEDULE D - PART 1**

Showing all Long-Term BONDS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes			6 NAIC Designation	7 Actual Cost	Fair Value		10 Rate Used To Obtain Fair Value	11 Par Value	Change in Book Adjusted Carrying Value					Interest					
		3 Code	4 F or e i g n	5 Bond CHAR			8 Unrealized Valuation Increase/ (Decrease)	9 Current Year's (Amortization)/ Accretion			12 Book / Adjusted Carrying Value	13 Current Year's Other Than Temporary Impairment Recognized	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Foreign Exchange Change in B./A.C.V.	16 Rate of	17 Effective Rate of	18 When Paid	19 Admitted Amount Due & Accrued	20 Amount Rec. During Year	21 Acquired	22 Maturity
3128X5-4B-1..	FEDERAL HOME LOAN MTG CO	.	.	.	.1.	1,995,000	100,8570	.2,017,144	.	2,000,000	.1,995,059	.	59	.	.6,000	6,020	.AO.	.23,000	.11/18/2008..	.04/22/2022..	
3128X5-4T-2..	FEDERAL HOME LOAN MTG CO	.	.	.	.1.	2,500,000	100,2880	.2,507,205	.	2,500,000	.2,507,205	.	.	.	.6,000	5,950	.AO.	.27,500	.12/03/2008..	.01/25/2009..	
3128X5-K-0..	FEDERAL HOME LOAN MTG CO	.	.	.	.1.	383,520	100,3650	.385,403	.	384,000	.383,527	.	.	.	.6,000	6,010	.AO.	.3,904	.12/03/2008..	.04/30/2022..	
3128X5-V9-6..	FEDERAL HOME LOAN MTG CO	.	.	.	.1.	3,000,000	100,9730	.3,029,208	.	3,000,000	.3,000,000	.	.	.	.6,000	5,980	.MS.	.45,500	.90,000	.08/12/2008..	.03/30/2009..
3128X5-VE-5..	FEDERAL HOME LOAN MTG CO	.	.	.	.1.	2,000,000	100,1240	.2,002,496	.	2,000,000	.2,000,000	.	.	.	.6,000	5,850	.JJ.	.56,333	.12/04/2008..	.01/12/2009..	
3128X6-DE-3..	FEDERAL HOME LOAN MTG CO	.	.	.	.1.	1,485,000	103,0480	.1,545,729	.	1,500,000	.1,486,005	.	.661	.	.5,900	6,000	.JD.	.3,933	.88,500	.06/07/2007..	.06/15/2022..
3128X6-DX-1..	FEDERAL HOME LOAN MTG CO	.	.	.	.1.	3,750,000	102,0400	.3,826,515	.	3,750,000	.3,750,000	.	.	.	.6,200	6,200	.JD.	.3,229	.232,500	.06/19/2007..	.06/26/2009..
3128X6-KE-5..	FEDERAL HOME LOAN MTG CO	.	.	.	.1.	2,000,000	105,6990	.2,113,996	.	2,000,000	.2,000,000	.	.	.	.6,050	6,040	.FA.	.43,358	.60,500	.07/16/2008..	.08/22/2011..
3128X6-U6-9..	FEDERAL HOME LOAN MTG CO	.	.	.	.1.	498,500	100,4490	.502,246	.	500,000	.498,569	.	.67	.	.5,500	5,520	.JD.	.917	.27,500	.12/10/2007..	.12/19/2022..
3128X7-6C-3..	FREDDIE MAC	.	.	.	.1.	1,500,000	100,0970	.1,501,463	.	1,500,000	.1,500,000	.	.	.	.6,000	6,000	.JD.	.5,250	.11/21/2008..	.12/10/2018..	
31331G-FM-6..	FEDERAL FARM CREDIT BANK	.	.	.	.1.	2,000,000	102,6560	.2,053,125	.	2,000,000	.2,053,125	.	.	.	.6,000	6,000	.JD.	.9,333	.11/18/2008..	.12/03/2009..	
31331L-YM-4..	FEDERAL FARM CREDIT BANK	.	.	.	.1.	2,996,550	100,4060	.3,012,188	.	3,000,000	.2,999,953	.	.572	.	.5,350	5,360	.JJ.	.67,321	.160,500	.01/30/2002..	.01/30/2009..
31331X-B4-3..	FEDERAL FARM CREDIT BANK	.	.	.	.1.	1,977,000	106,5930	.2,131,875	.	2,000,000	.1,978,595	.	.1,010	.	.5,950	6,060	.JD.	.9,917	.119,000	.06/07/2007..	.06/01/2022..
3133F2-W3-5..	FREDDIE MAC	.	.	.	.1.	1,990,000	101,7160	.2,034,324	.	2,000,000	.1,990,055	.	.55	.	.6,000	6,050	.AO.	.20,333	.10/27/2008..	.10/15/2022..	
3133X3-3G-2..	FEDERAL HOME LOAN BANK	.	.	.	.1.	1,000,000	107,7500	.1,077,500	.	1,000,000	.1,000,000	.	.	.	.5,210	5,210	.JD.	.289	.52,100	.11/30/2005..	.12/29/2010..
3133XJ-SS-8..	FEDERAL HOME LOAN BANK	.	.	.	.1.	2,999,400	100,4370	.3,013,125	.	3,000,000	.2,999,740	.	.24	.	.5,875	5,870	.FA.	.69,521	.176,250	.05/29/2007..	.02/09/2017..
3133XJ-V7-0..	FEDERAL HOME LOAN BANK	.	.	.	.1.	1,999,375	100,5930	.2,011,875	.	2,000,000	.1,999,584	.	.103	.	.5,800	5,800	.FA.	.41,244	.116,000	.10/10/2007..	.02/23/2017..
3133XK-ZB-1..	FEDERAL HOME LOAN BANK	.	.	.	.1.	999,500	101,6560	.1,016,563	.	1,000,000	.999,561	.	.39	.	.5,850	5,850	.JD.	.3,738	.58,500	.05/23/2007..	.06/08/2017..
3133XL-BQ-5..	FEDERAL HOME LOAN BANK	.	.	.	.1.	2,000,000	101,8750	.2,037,500	.	2,000,000	.2,000,000	.	.	.	.6,000	6,000	.JD.	.4,000	.120,000	.06/05/2007..	.06/19/2009..
3133XL-DK-6..	FEDERAL HOME LOAN BANK	.	.	.	.1.	2,000,000	104,7500	.2,095,000	.	2,000,000	.2,095,000	.	.	.	.6,000	6,000	.JD.	.5,667	.120,000	.06/07/2007..	.06/14/2010..
3133XL-DW-0..	FEDERAL HOME LOAN BANK	.	.	.	.1.	2,000,000	105,5310	.2,110,625	.	2,000,000	.2,110,625	.	.	.	.6,000	6,000	.JD.	.3,333	.120,000	.06/08/2007..	.06/21/2010..
3133XN-ZC-7..	FEDERAL HOME LOAN BANK	.	.	.	.1.	.909,991	100,5620	.915,119	.	.910,000	.910,000	.	.9	.	.5,600	5,590	.MN.	.4,671	.50,960	.12/28/2007..	.11/28/2017..
31359M-2B-8..	FEDERAL NATL MTG ASSOC	.	.	.	.1.	.966,370	101,7180	.1,017,188	.	1,000,000	.966,702	.	.332	.	.5,625	6,000	.MN.	.7,188	.28,125	.10/28/2008..	.11/15/2021..
31359M-N3-3..	FANNIE MAE	.	.	.	.1.	1,000,000	101,4370	.1,014,375	.	1,000,000	.1,000,000	.	.	.	.6,000	6,000	.MN.	.8,167	.60,000	.05/03/2006..	.05/12/2009..
31359M-N3-3..	FANNIE MAE	SD.	.	.	.1.	2,000,000	101,4370	.2,028,750	.	2,000,000	.2,000,000	.	.	.	.6,000	6,000	.MN.	.16,333	.120,000	.05/03/2006..	.05/12/2009..
31359M-PF-4..	FEDERAL NATL MORTGAGE ASSOC	.	.	.	.1.	2,003,750	107,6870	.2,153,750	.	2,000,000	.2,001,688	.	.412	.	.4,375	4,350	.MS.	.25,764	.87,500	.04/15/2003..	.09/15/2012..
3136F3-HF-6..	FANNIE MAE	.	.	.	.1.	5,000,000	100,0930	.5,004,688	.	5,000,000	.5,000,000	.	.	.	.6,000	5,990	.AO.	.70,000	.150,000	.09/11/2008..	.04/07/2023..
3136F6-6X-2..	FEDERAL NATL MORTGAGE ASSOC	.	.	.	.1.	4,000,000	100,0930	.4,003,750	.	4,000,000	.4,000,000	.	.	.	.5,750	5,650	.JD.	.14,694	.230,000	.03/26/2008..	.06/08/2020..
3136F7-CG-9..	FEDERAL NATL MTG ASSOC	.	.	.	.1.	5,990,000	100,8120	.6,048,750	.	6,000,000	.5,990,372	.	.	.	.5,700	5,710	.JD.	.950	.285,000	.08/12/2008..	.06/30/2020..
3136F7-KV-8..	FEDERAL NATL MTG ASSOC	.	.	.	.1.	1,980,420	100,0930	.2,001,875	.	2,000,000	.1,980,920	.	.500	.	.5,820	5,930	.MS.	.29,747	.58,200	.08/28/2008..	.09/29/2020..
3136F7-ME-4..	FEDERAL NATL MTG ASSOC	.	.	.	.1.	1,000,000	100,0930	.1,000,938	.	1,000,000	.1,000,000	.	.	.	.6,100	6,090	.MN.	.7,625	.30,500	.09/05/2008..	.11/16/2020..
3136F7-XB-5..	FEDERAL NATL MTG ASSOC	.	.	.	.1.	2,000,000	100,0930	.2,001,875	.	2,000,000	.2,000,000	.	.	.	.6,300	6,290	.FA.	.44,100	.63,000	.08/20/2008..	.08/25/2021..
3136F8-5D-3..	FEDERAL NATL MTG ASSOC	.	.	.	.1.	1,996,250	100,0930	.2,001,875	.	2,000,000	.1,996,333	.	.83	.	.5,750	5,760	.FA.	.39,611	.12/01/2008..	.02/27/2023..	
3136F8-5Y-7..	FEDERAL NATL MTG ASSOC	.	.	.	.1.	.899,859	.898,650	.887,906	.	.900,000	.899,885	.	.25	.	.6,000	6,000	.MS.	.17,700	.12/09/2008..	.03/03/2023..	
3136F8-DP-7..	FEDERAL NATL MTG ASSOC	.	.	.	.1.	1,000,000	100,0930	.1,000,938	.	1,000,000	.1,000,000	.	.	.	.6,250	6,240	.JJ.	.29,688	.09/10/2008..	.01/10/2022..	
3136F9-DN-0..	FEDERAL NATL MTG ASSOC	.	.	.	.1.	1,497,470	100,3430	.1,505,156	.	1,500,000	.1,497,124	.	.124	.	.5,000	5,010	.MS.	.20,208	.37,500	.03/31/2008..	.03/24/2023..
3136F9-J3-8..	FEDERAL NATL MORTGAGE ASSOC	.	.	.	.1.	5,000,000	100,1870	.5,009,375	.	5,000,000	.5,000,000	.	.	.	.6,100	6,100	.AO.	.63,542	.09/24/2008..	.10/16/2023..	
3136F9-L0-0..	FANNIE MAE	.	.	.	.1.	3,988,000	100,0930	.4,003,750	.	4,000,000	.3,988,299	.	.299	.	.5,750	5,780	.JD.	.18,528	.115,000	.05/22/2008..	.06/02/2023..
31398A-DX-7..	FEDERAL NATL MTG ASSOC	.	.	.	.1.	.990,000	104,5310	.2,090,625	.	2,000,000	.1,990,290	.	.290	.	.6,150	6,200	.JD.	.1,025	.61,500	.10/27/2008..	.06/28/2022..
880591-CW-0..	TENN VALLEY AUTH	.	.	.	.1.	.13,741	.113,3430	.17,001	.	.15,000	.14,454	.	.108	.	.6,000	7,010	.MS.	.265	.900	.08/16/2000..	.03/15/2013..
880591-CW-0..	TENN VALLEY AUTH	LS.	.	.	.1.	1,818,427	.113,3430	.2,249,865	.	.1,985,000	.1,912,738	.	.14,321								

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY**

**SCHEDULE D - PART 1**

Showing all Long-Term BONDS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes			6 NAIC Designation	7 Actual Cost	Fair Value		10 Rate Used To Obtain Fair Value	11 Par Value	Change in Book Adjusted Carrying Value					Interest					
		3 Code	4 F or e i g n	5 Bond CHAR			8 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion			13 Current Year's Other Than Temporary Impairment Recognized	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Foreign Exchange Change in B/A.C.V.	16 Rate of	17 Effective Rate of	18 When Paid	19 Admitted Amount Due & Accrued	20 Amount Rec. During Year	21 Acquired	22 Maturity	
0399999 - Total - U.S. Government Bonds						96,682,080	.98,850,221	.96,836,658	.96,665,143	.0	(1,161)	.0	.0	.0	.0	.XXX	.XXX	.988,407	3,516,389	XXX..	XXX..
207726-DX-3..	CONNECTICUT STATE.....			.1..	1FE..	2,095,880	109,6290	2,137,766	1,950,000	2,035,560	(14,613)			.5,000	4,050	.MS..	.32,500	.97,500	.07/28/2004..	.03/01/2014..	
373382-W6-3..	GEORGIA STATE.....				1FE..	1,099,760	107,4290	1,074,290	1,000,000	1,029,862	(12,469)			.5,300	3,900	.AO..	.13,250	.53,000	.10/22/2002..	.04/01/2011..	
452150-R2-3..	ILLINOIS STATE.....				1FE..	1,089,340	110,7200	1,107,200	1,000,000	1,039,372	(8,266)			.5,375	4,350	.AO..	.13,438	.53,750	.02/26/2002..	.04/01/2013..	
546415-JX-9..	LOUISIANA STATE.....			.1..	1FE..	5,090,250	100,8270	5,041,350	5,000,000	5,003,382	(11,400)			.5,250	5,010	.AO..	.55,417	.262,500	.09/08/1999..	.04/15/2009..	
574192-VN-7..	MARYLAND STATE.....			.1..	1FE..	2,146,300	106,8040	2,136,080	2,000,000	2,074,504	(14,497)			.5,000	4,100	.FA..	.41,667	.100,000	.07/16/2003..	.08/01/2013..	
605580-DG-1..	STATE OF MISSISSIPPI.....				1FE..	1,529,059	108,9180	1,486,731	1,365,000	1,488,188	(7,857)			.5,250	4,270	.MN..	.11,944	.71,663	.03/13/2003..	.11/01/2020..	
677519-MN-7..	OHIO STATE.....				1FE..	1,648,920	107,0600	1,605,900	1,500,000	1,550,227	(18,228)			.5,000	3,630	.FA..	.31,250	.75,000	.01/14/2003..	.08/01/2011..	
709141-VE-2..	PENNSYLVANIA STATE.....				1FE..	1,090,260	113,3840	1,133,840	1,000,000	1,044,519	(7,632)			.5,500	4,510	.FA..	.22,917	.55,000	.03/07/2002..	.02/01/2014..	
917542-KZ-4..	UTAH STATE.....				1FE..	1,115,950	110,6340	1,106,340	1,000,000	1,046,143	(12,064)			.5,375	3,950	.JJ..	.26,875	.53,750	.07/18/2002..	.07/01/2012..	
93974A-SW-5..	WASHINGTON STATE.....			.1..	1FE..	1,625,745	109,7460	1,646,190	1,500,000	1,560,307	(12,254)			.5,000	3,990	.JD..	.6,250	.75,000	.01/22/2003..	.06/01/2013..	
977055-J3-7..	WISCONSIN STATE.....				1FE..	806,400	107,3540	.858,832	800,000	801,982	(6,636)			.5,125	5,030	.MN..	.6,833	.41,000	.07/24/2000..	.11/01/2011..	
977056-VZ-2..	WISCONSIN STATE.....			.1..	1FE..	1,058,750	111,2020	1,112,020	1,000,000	1,022,379	(6,092)			.5,250	4,510	.MN..	.8,750	.52,500	.02/26/2002..	.05/01/2012..	
1199999 - Total Bonds - States, Territories and Possessions - Issuer Obligations						20,396,622	.XXX..	19,115,539	19,696,425	.0	(26,008)	.0	.0	.XXX	.XXX	.XXX	.XXX	.271,091	990,663	XXX..	XXX..
1799999 - Total - States, Territories and Possessions						20,396,622	.XXX..	19,115,000	19,696,425	.0	(26,008)	.0	.0	.XXX	.XXX	.XXX	.XXX	.271,091	990,663	XXX..	XXX..
033161-BV-1..	ANCHORAGE ALASKA.....				1FE..	1,108,440	104,4010	1,044,010	1,000,000	1,022,578	(15,271)			.5,250	3,600	.JD..	.4,375	.52,500	.11/01/2002..	.06/01/2010..	
041429-8H-7..	ARLINGTON COUNTY VA.....				1FE..	1,678,800	111,7150	1,675,725	1,500,000	1,601,329	(18,947)			.5,000	3,460	.MN..	.12,500	.75,000	.08/19/2004..	.11/01/2013..	
167484-CK-8..	CHICAGO ILL.....				1FE..	1,164,770	107,7640	1,077,640	1,000,000	1,059,225	(18,225)			.6,125	4,010	.JJ..	.30,625	.61,250	.07/19/2002..	.01/01/2012..	
167615-CG-5..	CHICAGO IL PARK DIST.....			.1..	1FE..	1,090,610	106,5210	1,065,210	1,000,000	1,061,076	(8,889)			.5,000	3,850	.JJ..	.25,000	.50,000	.07/05/2005..	.01/01/2015..	
181054-3J-4..	CLARK CNTY NEV SCH DIST.....				1FE..	1,091,780	106,4000	1,064,000	1,000,000	1,026,936	(10,206)			.5,375	4,200	.JD..	.2,389	.53,750	.09/26/2001..	.06/15/2011..	
215633-JV-1..	COOK CNTY ILL HIGH SCH DIST 214.....			.1..	1FE..	1,769,675	101,9330	1,686,991	1,655,000	1,754,078	(9,655)			.5,000	4,140	.JD..	.6,896	.82,750	.04/20/2007..	.06/01/2017..	
251129-A9-3..	DETROIT MICHIGAN CITY SCH DIST.....				1FE..	1,701,675	109,0950	1,636,425	1,500,000	1,581,991	(22,694)			.5,500	3,740	.MN..	.13,750	.82,500	.03/27/2003..	.05/01/2012..	
25476A-2S-7..	DISTRICT OF COLUMBIA SERIES A.....			.1..	1FE..	.542,550	112,4020	.562,010	.500,000	.525,009	(5,114)			.5,000	3,760	.JD..	.2,083	.25,000	.05/17/2005..	.06/01/2013..	
258885-VZ-2..	DOUGLAS CNTY COLO SCH DIST.....				1FE..	1,664,310	110,8090	1,662,135	1,500,000	1,602,451	(15,109)			.5,000	3,710	.JD..	.3,333	.75,000	.08/24/2004..	.12/15/2014..	
346820-PG-2..	FORT BEND CNTY TEX WTR CTL & IMPT.....			.1..	1FE..	.548,385	108,4440	.542,220	.500,000	.545,755	(2,630)			.5,500	4,330	.MS..	.9,167	.10,389	.03/27/2008..	.09/01/2018..	
425308-KK-8..	HENDERSON TEX INDP SCH DIST.....			.1..	1FE..	1,882,413	102,5520	1,799,788	1,755,000	1,863,259	(11,029)			.5,000	4,090	.FA..	.33,150	.87,750	.03/15/2007..	.02/15/2017..	
426056-RW-9..	HENRICO CNTY VA REF & PUB IMPT.....				1FE..	1,653,690	106,2730	1,594,095	1,500,000	1,543,598	(20,282)			.5,000	3,510	.JJ..	.34,583	.75,000	.01/23/2003..	.01/15/2011..	
429326-RC-7..	HIDALGO COUNTY TEXAS.....				1FE..	1,073,960	101,1320	1,011,320	1,000,000	1,060,276	(6,622)			.5,000	4,070	.FA..	.18,889	.50,000	.11/14/2006..	.08/15/2016..	
429335-FA-5..	HIDALGO CNTY TEXAS DRAIN DIST.....			.1..	1FE..	1,052,660	103,7150	1,037,150	1,000,000	1,050,298	(2,362)			.5,000	4,350	.MS..	.37,500	.40,000	.04/02/2008..	.09/01/2018..	
438669-D6-7..	HONOLULU HAWAII CITY & CNTY.....				1FE..	1,367,048	110,7650	1,157,494	1,045,000	1,125,954	(44,187)			.8,000	3,400	.AO..	.20,900	.83,600	.01/27/2003..	.10/01/2010..	
447276-NK-8..	HUNTSVILLE TEX INDPT SCH DIST.....				1FE..	1,045,050	101,9980	1,000,000	1,034,058	1,043,580	(4,758)			.5,000	4,360	.FA..	.18,889	.50,000	.08/10/2006..	.02/15/2015..	
465468-AK-2..	ITASCA CNTY MINN INDPT SCH DIST.....			.2F..	1FE..	.190,689	100,0280	.195,055	.194,961	.195,000	(463)			.5,000	5,240	.FA..	.4,063	.9,750	.01/15/1997..	.02/01/2009..	
472736-ZD-2..	JEFFERSON CTY COLO SCH DIST.....				1FE..	2,520,150	108,2870	2,246,955	2,075,000	2,205,813	(63,877)			.6,500	3,150	.JD..	.5,994	.134,875	.09/24/2003..	.12/15/2010..	
476575-U9-4..	JERSEY CITY NJ.....				1FE..	1,088,810	101,0630	1,010,630	1,000,000	1,060,853	(8,300)			.5,000	3,900	.MN..	.6,389	.50,000	.06/14/2005..	.05/05/2015..	
483782-JF-6..	KANE & DEKALB CNTYS ILL SCH DIST.....			.1..	1FE..	.856,712	.99,4970	.795,976	.800,000	.847,370	(4,905)			.5,000	4,120	.FA..	.16,667	.40,000	.02/16/2007..	.02/01/2017..	
491746-PC-1..	KENTWOOD MICH PUB SCHOOLS.....			.1..	1FE..	2,235,965	107,5120	2,177,118	2,025,000	2,127,769	(21,479)			.5,000	3,720	.MN..	.16,875	.101,250	.07/11/2003..	.05/01/2013..	
495224-TA-3..	KING CNTY WASH SCH DIST NO 411.....				1FE..	1,108,040	114,1060	1,141,060	1,000,000	1,057,861	(8,362)			.5,625	4,500	.FA..	.4,688	.56,250	.03/05/2002..	.12/01/2014..	
517840-V4-4..	LAS VEGAS NV NEV WTR DIST.....				1FE..	1,651,440	109,1500	1,637,250	1,500,000	1,567,303	(15,579)			.5,250	4,000	.JD..	.6,563	.78,750	.01/16/2003..	.12/01/2012..	
549187-05-4..	LUBBOCK TEXAS WTRWS SYS SURPLUS.....			.1..	1FE..	1,631,600	108,1240	1,621,860	1,500,000	1,590,316	(12,837)			.5,000	3,880	.FA..	.28,333	.75,000	.07/14/2005..	.02/15/2015..	
557786-GV-6..	MADISON MICH DIST PUB SCHS.....			.1..	1FE..	.519,035	102,3140</														

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY**

**SCHEDULE D - PART 1**

Showing all Long-Term BONDS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes			6 NAIC Designation	7 Actual Cost	Fair Value		10 Rate Used To Obtain Fair Value	11 Par Value	Change in Book Adjusted Carrying Value					Interest				
		3 Code	4 For eign	5 Bond CHAR			8 Fair Value	9 Fair Value			12 Book / Adjusted Carrying Value	13 Unrealized Valuation Increase/ (Decrease)	14 Current Year's (Amortization)/ Accretion	15 Current Year's Other Than Impairment Recognized	16 Total Foreign Exchange Change in B./A.C.V.	17 Rate of Effective Rate	18 When Paid	19 Admitted Amount Due & Accrued	20 Amount Rec. During Year	21 Acquired
.974450-NH-7..	WINNEBAGO CNTY ILL	.1	1FE..			1,059,570	.99,8740	.998,740	1,000,000	.1,046,231		(6,076)		.5,000	4.180	JD..	.139	.50,000	.09/21/2006..	.06/30/2015..
1899999 - Total Bonds - Political Subdivisions - Issuer Obligations						55,936,600	XXX..	.54,282,613	.50,705,000	.53,397,113	.0	(558,784)	0	XXX..	XXX..	XXX..	.695,655	2,569,395	XXX..	XXX..
2499999 - Total - Political Subdivisions Bonds						55,936,600	XXX..	.54,282,613	.50,705,000	.53,397,113	.0	(558,784)	0	XXX..	XXX..	XXX..	.695,655	2,569,395	XXX..	XXX..
.010608-SV-0..	ALABAMA ST PUB SCH & COLL	.1	1FE..			1,477,590	101,7220	1,525,830	1,500,000	.1,488,826		.1,598		.5,125	5.270	MN..	12,813	.76,875	.08/16/2000..	.11/01/2014..
.010608-YK-7..	ALABAMA ST PUB SCH & COLLEGE AUTH	.1	1FE..			2,834,335	109,1480	2,772,359	2,540,000	.2,698,906		(29,051)		.5,000	3.600	JD..	10,583	.127,000	.12/23/2003..	.12/01/2013..
.011831-2Y-9..	ALASKA ST HSE FIN AUTH	.1	1FE..			.565,480	100,4240	.572,417	.570,000	.568,165		.320		.5,125	5.200	JD..	2,434	.29,213	.06/01/1998..	.12/01/2013..
.040580-DZ-2..	ARIZONA SCH FACS BRD REV	.2FE..				1,109,680	110,3050	1,000,000	.1,059,851			(11,982)		.5,250	3.790	JJ..	.26,250	.52,500	.07/16/2004..	.07/01/2013..
.040663-18-9..	ARIZONA STATE UNIV REVS	.1	1FE..			1,676,715	109,3400	1,640,100	1,500,000	.1,582,283		(17,639)		.5,250	3.830	JJ..	.39,375	.78,750	.02/14/2003..	.07/01/2012..
.052476-KC-1..	AUSTIN TEX WTR & WASTEWATER	.1	1FE..			.5,339	106,6480	.5,332	.5,000	.5,156		(61)		.5,750	4.350	MN..	.37	.288	.11/14/2005..	.05/15/2011..
.143294-DU-7..	CARMEL IND REDEY AUTH	.1	1FE..			1,062,940	102,6380	1,000,000	.1,050,270			(5,592)		.5,000	4.210	JJ..	.25,000	.50,000	.08/31/2006..	.07/01/2016..
.155048-AT-8..	CENTRAL PUGET SOUND WASH	.1	1FE..			1,642,980	110,2910	1,654,365	1,500,000	.1,565,411		(14,444)		.5,250	4.070	FA..	.32,813	.78,750	.01/29/2003..	.02/01/2013..
.207757-V6-9..	CONNECTICUT ST SPL TAX OBLIG	.1	1FE..			1,089,800	107,5540	1,075,540	1,000,000	.1,028,647		(9,626)		.5,375	4.250	AO..	.13,438	.53,750	.09/27/2001..	.10/01/2011..
.251255-WD-3..	DETROIT MICH WATER SUPPLY	.1	1FE..			1,117,960	103,9050	1,039,050	1,000,000	.1,037,331		(13,971)		.5,400	3.820	JJ..	.27,000	.54,000	.08/12/2002..	.07/01/2011..
.276731-XL-5..	EASTERN MICH UNIV REVS	.1	1FE..			.319,997	104,5290	.313,587	.300,000	.312,919		(2,630)		.5,000	3.920	JD..	.1,250	.15,000	.03/16/2006..	.06/01/2013..
.343136-IT-4..	FLORIDA ST TPK AUTH TPK REV	.1	1FE..			1,672,500	109,0350	1,635,525	1,500,000	.1,591,546		(15,353)		.5,000	3.720	JJ..	.37,500	.75,000	.03/04/2003..	.07/01/2013..
.362848-MD-2..	GAINESVILLE FLA UTILS SYS REV	.1	1FE..			2,323,083	106,9520	2,245,992	2,100,000	.2,183,613		(28,509)		.5,000	3.460	AO..	.26,250	.105,000	.09/23/2003..	.10/01/2011..
.366133-DH-6..	GARLAND TEX ELEC SYS REV	.1	1FE..			.1,068,287	102,7470	.1,048,019	1,020,000	.1,055,850		(4,971)		.5,000	4.340	MS..	.17,000	.51,000	.03/30/2006..	.03/01/2015..
.407288-MZ-9..	HAMILTON CNTY OHIO SEWER SYS REV	.1	1FE..			2,253,520	108,9100	2,178,200	2,000,000	.2,131,618		(24,112)		.5,000	3.530	JD..	.8,333	.100,000	.07/10/2003..	.12/01/2013..
.432308-RU-0..	HILLSBOROUGH CNTY FL AVIATION	.1	1FE..			1,638,431	101,2080	1,548,482	1,530,000	.1,577,707		(11,482)		.5,250	4.330	AO..	.20,081	.80,325	.02/05/2003..	.10/01/2012..
.432337-CP-6..	HILLSBOROUGH CNTY FLA SCH DIST	.1	1FE..			.1,095,010	104,8240	1,000,000	.1,066,550		(8,477)		.5,000	3.870	AO..	.12,500	.50,000	.06/16/2005..	.10/01/2015..	
.442435-AE-3..	HOUSTON TEX UTILITY SYSTEM REV	.1	1FE..			1,070,630	101,1600	1,011,600	1,000,000	.1,005,741		(15,101)		.5,000	3.430	MN..	.6,389	.50,000	.05/19/2004..	.05/15/2009..
.442435-AQ-6..	HOUSTON TEX UTIL SYS REV	.1	1FE..			1,633,200	108,5800	1,628,700	1,500,000	.1,589,818		(14,713)		.5,250	4.000	MN..	.10,063	.78,750	.11/30/2005..	.05/15/2014..
.452001-3Y-0..	ILLINOIS HEALTH FACS AUTH	.1	1FE..			2,109,701	100,6810	2,144,505	2,130,000	.2,120,964		.1,585		.5,250	5.350	MN..	.14,289	.11,825	.07/12/2000..	.11/15/2013..
.452252-AW-9..	ILLINOIS ST TOLL HWY AUTH	.1	1FE..			2,178,560	105,3710	2,107,420	2,000,000	.2,124,086		(16,468)		.5,000	3.900	JJ..	.50,000	.100,000	.07/06/2005..	.07/01/2015..
.454623-ON-2..	INDIANA BD BK REV	.1	1FE..			.1,133,440	104,6980	1,046,980	1,000,000	.1,030,378		(18,348)		.5,500	3.510	FA..	.22,917	.55,000	.11/07/2002..	.08/01/2010..
.454898-KT-3..	INDIANA MUN POWER AGENCY	.1	1FE..			.1,861,916	102,5680	.1,810,325	1,765,000	.1,844,225		(17,692)		.5,500	3.900	JJ..	.48,538	.48,538	.03/28/2008..	.01/01/2012..
.455167-ZX-7..	INDIANA UNIV REVS STUDENT FEE	.1	1FE..			1,654,920	108,7700	.1,631,550	1,500,000	.1,566,116		(16,365)		.5,000	3.670	FA..	.31,250	.75,000	.04/16/2003..	.08/01/2012..
.455285-VA-1..	INDIANAPOLIS IN PUB IMPT BD	.1	1FE..			.857,672	.92,7330	.741,864	.800,000	.848,607		(5,039)		.5,000	4.100	AO..	.40,000	.40,000	.02/23/2007..	.01/01/2017..
.46267P-AK-1..	IREDELL CNTY NC PUB FACS	.1	1FE..			1,830,000	104,8420	1,918,609	1,830,000	.1,830,000		.1,800		.5,000	5.000	JD..	.7,625	.91,500	.07/13/2000..	.06/01/2011..
.523435-AR-6..	LEE CNTY ALA SCH WTS	.1	1FE..			.535,885	103,2520	.516,260	.500,000	.520,572		(4,563)		.5,000	3.900	FA..	.10,417	.25,000	.06/17/2005..	.02/01/2013..
.52555L-AC-7..	LELAND STANFORD UNIVERSITY	.0	1FE..			.100,000	105,3230	.105,323	.100,000	.105,323		.6,160		.6,150	4.000	AO..	.1,044	.6,160	.04/23/2001..	.04/30/2011..
.54123L-BE-1..	LOGANSPORT IND HIGH SCH BLDG	.1	2FE..			1,079,630	105,9210	1,059,210	1,000,000	.1,056,447		(7,413)		.5,000	4.010	JJ..	.23,056	.50,000	.09/16/2005..	.07/15/2015..
.546398-SN-9..	LOUISIANA PUB FACS AUTH REV	.1	1FE..			.1,067,270	.98,2970	.982,970	1,000,000	.1,057,970		(5,891)		.5,000	4.150	FA..	.18,889	.50,000	.05/02/2007..	.02/15/2017..
.548181-CF-6..	LOWER COLO RIVER AUTH	.1	1FE..			.1,184,688	101,3520	.1,155,413	1,140,000	.1,178,793		(5,895)		.5,250	4.380	MN..	.7,648	.59,850	.03/27/2008..	.05/15/2013..
.592247-MR-8..	METROPOLITAN PIER & EXPO AUTH	.1	1FE..			.992,250	100,4490	1,004,490	1,000,000	.997,680		.606		.5,125	5.200	JD..	.4,271	.51,250	.08/19/1997..	.06/01/2012..
.59259R-NM-2..	METROPOLITAN TRANS AUTH NY	.1	1FE..			.2,245,760	106,4070	2,128,140	2,000,000	.2,138,259		(20,737)		.5,000	3.680	MN..	.12,778	.100,000	.05/08/2003..	.11/15/2014..
.59334K-CM-8..	MIAAMI-DADE CNTY FLA EXPWY AUTH	.1	1FE..			.1,110,080	104,0530	.1,040,530	1,000,000	.1,071,355		(11,460)		.5,250	3.800	JJ..	.26,250	.52,500	.06/14/2005..	.07/01/2014..
.604114-KM-9..	MINNESOTA PUB FACS AUTH	.1	1FE..			1,000,000	100,6390	1,006,390	1,000,000	.1,000,000		.1,000,000		.5,000	5.000	MS..	.16,667	.50,000	.07/12/2000..	.03/01/2009..
.626388-MD-1..	MUNSTER INC SCH BLDG	.1	1FE..			.1,160,838	101,2980	.1,119,343	1,105,000	.1,148,821		(5,222)		.5,000	4.340	JJ..	.25,476	.55,250	.08/10/2006..	.01/15/2016..
.63968A-BD-6..	NEBRASKA PUBLIC POWER DIST	.1	1FE..			.1,382,325	107,1500	.1,339												

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY**

**SCHEDULE D - PART 1**

Showing all Long-Term BONDS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes			6 NAIC Designation	7 Actual Cost	Fair Value		10 Rate Used To Obtain Fair Value	11 Par Value	Change in Book Adjusted Carrying Value					Interest						
		3 Code	4 F or e i g n	5 Bond CHAR			8 Fair Value	9 Fair Value			12 Book / Adjusted Carrying Value	13 Unrealized Valuation Increase/ (Decrease)	14 Current Year's (Amortization)/ Accretion	15 Current Year's Other Than Temporary Impairment Recognized	16 Total Foreign Exchange Change in B./A.C.V.	17 Rate of	18 When Paid	19 Admitted Amount Due & Accrued	20 Amount Rec. During Year	21 Acquired	22 Maturity	
895566-AX-3..	TRI-CREEK 2002 HIGH SCH BLDG.	.	.1	.1FE..		1,082,820	106,0460	.1,060,460		1,000,000	.1,068,874		(7,137)		.5,000	3.990	JJ..	23,056	.50,000	12/18/2006..01/15/2017.		
914182-6Y-1..	UNIVERSITY COLO UNIV REVS.	.	.1	.1FE..		2,213,040	107,8470	.2,156,940		2,000,000	.2,104,943		(21,495)		.5,000	3.700	JD..	8,333	100,000	07/09/2003..06/01/2013.		
917328-KG-0..	UTAH ASSD MUN POWER SYS REV.	.	.1	.1FE..		697,329	104,3300	.672,929		645,000	.675,432		(6,484)		.5,000	3.780	A0..	8,063	32,250	06/10/2005..04/01/2013.		
92817F-J2-3..	VIRGINIA ST PUB SCH AUTH.	.	.1	.1FE..		2,205,780	107,7260	.2,154,520		2,000,000	.2,103,708		(20,373)		.5,000	3.750	FA..	41,667	100,000	07/11/2003..08/01/2013.		
92884P-AY-8..	VOLUSIA CNTY FLA SCH BRD.	.	.1	.1FE..		2,293,680	108,6080	.2,172,160		2,000,000	.2,150,958		(28,533)		.5,000	3.750	A0..	27,500	110,000	07/23/2003..10/01/2013.		
95667N-AW-3..	WEST VA ST SCH BLDG AUTH.	.	.1	.1FE..		2,737,254	110,2120	.2,722,236		2,470,000	.2,607,374		(31,276)		.5,250	3.740	JJ..	64,838	129,675	07/26/2004..01/01/2013.		
977092-LU-7..	WISCONSIN ST CLEAN WATER REV.	.	.1	.1FE..		1,659,471	112,9990	.1,644,135		1,455,000	.1,565,468		(17,971)		.5,500	3.930	JD..	6,669	80,025	04/04/2003..06/01/2014.		
2599999 - Total Bonds - Special Revenue - Issuer Obligations						84,266,718	82,134,287	84,266,718		77,375,000	.81,081,034		.0	(715,959)		.0	.0	XXX..	XXX..	1,221,518	3,946,187	XXX..
31287N-F4-5..	FEDERAL HOME LOAN MTG CORP.	.	.1	.153,902		103,4880	.160,222	.154,821		.154,142			.142		.0	.0	MON..	774	9,289	02/25/2002..01/01/2032.		
3128GH-S8-5..	FEDERAL HOME LOAN MTG CORP.	.	.1	.151,563		105,0040	.1,633	.1,555		.1,556			.0		.0	.0	MON..	10	117	09/06/2000..10/01/2015.		
3128GW-SY-5..	FEDERAL HOME LOAN MTG CORP.	.	.1	.364,891		103,4990	.364,008	.351,702		.358,129			(2,456)		.0	.0	MON..	1,612	19,344	02/07/2003..11/01/2017.		
3128K4-L2-9..	FEDERAL HOME LOAN MTG CO.	.	.1	.1,938,340		103,9840	.1,973,178	.1,897,572		.1,921,855			(13,548)		.0	.0	MON..	10,279	123,342	03/13/2006..03/01/2036.		
3128K4-RY-3..	FEDERAL HOME LOAN MTG CO.	.	.1	.1,135,112		103,9840	.1,155,514	.1,111,238		.1,133,450			(2,257)		.0	.0	MON..	6,019	72,230	03/13/2006..03/01/2036.		
3128KM-MD-4..	FEDERAL HOME LOAN MTG CO.	.	.1	.2,137,787		102,4670	.2,203,879	.2,150,810		.2,139,827			.3,264		.0	.0	MON..	9,858	118,295	03/20/2007..03/01/2037.		
3128KM-YU-3..	FEDERAL HOME LOAN MTG CO.	.	.1	.1,307,536		102,4670	.1,346,108	.1,313,694		.1,307,686			.794		.0	.0	MON..	6,021	72,253	03/21/2007..04/01/2037.		
3128KR-AU-8..	FEDERAL HOME LOAN MTG CORP.	.	.1	.0		0,0000	.0	.0		.0			.0		.0	.0	MON..	9,271	0	06/19/2007..05/01/2037.		
3128LX-LE-8..	FEDERAL HOME LOAN MTG CO.	.	.1	.3,504,435		103,1290	.3,600,035	.3,490,799		.3,497,529			(4,939)		.0	.0	MON..	17,454	209,448	03/10/2006..02/01/2036.		
3128M4-XA-6..	FEDERAL HOME LOAN MTG CO.	.	.1	.0		0,0000	.0	.0		.0			.0		.0	.0	MON..	12,408	0	11/05/2007..07/01/2037.		
3128M5-UO-1..	FEDERAL HOME LOAN MTG CO.	.	.1	.948,838		102,4670	.975,145	.951,664		.948,920			.209		.0	.0	MON..	4,362	39,256	03/12/2008..02/01/2038.		
3128M5-UY-4..	FEDERAL HOME LOAN MTG CO.	.	.1	.2,825,276		102,4570	.2,926,715	.2,856,519		.2,827,617			.3,766		.0	.0	MON..	13,092	117,831	03/07/2008..02/01/2038.		
3128M6-F9-4..	FEDERAL HOME LOAN MTG CO.	.	.1	.0		0,0000	.0	.0		.0			.0		.0	.0	MON..	13,502	0	06/24/2008..06/01/2038.		
3128MJ-DB-3..	FEDERAL HOME LOAN MTG CORP.	.	.1	.1,925,074		104,0150	.1,952,497	.1,877,119		.1,906,384			(15,351)		.0	.0	MON..	10,168	122,013	11/18/2005..11/01/2035.		
3128PE-KP-2..	FEDERAL HOME LOAN MTG CO.	.	.1	.141,164		103,1390	.145,756	.141,318		.141,164			.47		.0	.0	MON..	648	7,773	10/27/2006..07/01/2021.		
3128PE-VU-9..	FEDERAL HOME LOAN MTG CO.	.	.1	.130,529		103,7020	.133,156	.128,402		.130,106			(265)		.0	.0	MON..	7,704	01/04/2007..08/01/2021.			
31292H-NB-6..	FEDERAL HOME LOAN MTG CORP.	.	.1	.245,552		103,4880	.258,111	.249,410		.246,238			(3)		.0	.0	MON..	1,247	14,965	01/23/2002..01/01/2032.		
31294C-YO-0..	FEDERAL HOME LOAN MTG CORP.	.	.1	.3,572		106,0760	.3,805	.3,574		.0			.0		.0	.0	MON..	24	287	03/15/2000..02/01/2030.		
312964-H7-7..	FEDERAL HOME LOAN MTG CORP.	.	.1	.916,657		103,2320	.920,958	.892,123		.907,265			(7,756)		.0	.0	MON..	3,717	44,606	02/12/2004..01/01/2019.		
31296M-VG-1..	FEDERAL HOME LOAN MTG CORP.	.	.1	.2,457,332		102,4410	.2,530,779	.2,470,456		.2,458,665			.1,154		.0	.0	MON..	10,294	123,523	09/25/2003..09/01/2033.		
312972-LY-6..	FEDERAL HOME LOAN MTG CORP.	.	.1	.111,523		103,2170	.114,879	.111,297		.111,461			(68)		.0	.0	MON..	510	6,121	11/21/2006..05/01/2020.		
312973-DA-5..	FEDERAL HOME LOAN MTG CO.	.	.1	.44,245		102,5130	.47,086	.45,931		.44,436			.257		.0	.0	MON..	172	2,067	01/16/2007..09/01/2020.		
31297C-AB-6..	FEDERAL HOME LOAN MTG CO.	.	.1	.1,083,764		103,2380	.1,081,517	.1,076,786		.0			(9,690)		.0	.0	MON..	5,238	62,855	11/09/2004..07/01/2034.		
31371H-NJ-3..	FEDERAL NATL MTG ASSN..	.	.1	.17,966		104,0300	.19,186	.18,443		.18,193			.116		.0	.0	MON..	.85	1,014	05/03/1999..06/01/2014.		
31371K-2V-2..	FEDERAL NATL MTG ASSOC.	.	.1	.660,955		102,8780	.957,204	.930,425		.952,824			(4,530)		.0	.0	MON..	4,264	.51,173	02/28/2003..03/01/2023.		
31371K-WE-7..	FEDERAL NATL MTG ASSN..	.	.1	.509,640		103,5440	.517,437	.499,723		.505,649			(1,838)		.0	.0	MON..	2,082	24,986	11/12/2002..12/01/2017.		
31371L-CE-7..	FEDERAL NATL MTG ASSOC.	.	.1	.735,188		102,7540	.754,493	.734,270		.734,486			(252)		.0	.0	MON..	3,365	40,385	08/20/2003..09/01/2033.		
31371M-J4-0..	FEDERAL NATL MORTGAGE ASSOC..	.	.1	.77,764		103,6420	.80,735	.77,764		.75,201			.35		.0	.0	MON..	325	3,895	10/21/2005..11/01/2015.		
31371N-OK-9..	FEDERAL NATL MORTGAGE ASSOC..	.	.1	.245,425		103,0610	.250,124	.242,695		.245,391			(170)		.0	.0	MON..	1,213	7,281	06/27/2008..04/01/2037.		
31384V-NS-7..	FEDERAL NATL MTG ASSN..	.	.1	.7,155		103,9400	.7,741	.7,448		.7,308			.81		.0	.0	MON..	.40	.484	01/20/2000..08/01/2013.		
31384W-HN-3..	FEDERAL NATL MTG ASSOC.	.	.1	.90,607		103,4260	.96,812	.93,605		.91,111			.812		.0	.0	MON..	.468	5,616	06/19/2001..04/01/2031.		
31385C-VK-3..	FEDERAL NATL MTG ASSOC.	.	.1	.66,191		104,6560	.70,362	.67,231		.66,331			.140		.0	.0	MON..	.364	4,370	05/24/2001..05/01/2031.		
31385J-JC-3..	FEDERAL NATL MTG ASSOC.	.	.1	.584,448		104,3430	.586,556	.562,138		.581,065			(4,961)		.0	.0	MON..	3,045	36,539	10/09/2003..07/01/2032.		
31385J-QT-8..	FEDERAL NATL MTG ASSOC.	.	.1	.541,829		103,5440	.554,793	.535,801		.539,201			(1,138)		.0	.0	MON..	2,233	26,790	11/04/2002..10/01/2017.		
31385J-RT-7..	FEDERAL NATL MTG ASSOC.	.	.1	.736,496		103,4260	.739,543	.715,044		.733,880			(3,331)		.0	.0	MON..	3,575	.42,903	10/10/2003..11/01/2032.		
31386T-FM-2..	FEDERAL NATL MTG ASSOC.	.	.1	.103,01																		

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY**

**SCHEDULE D - PART 1**

Showing all Long-Term BONDS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes			6 NAIC Designation	7 Actual Cost	Fair Value		10 Rate Used To Obtain Fair Value	11 Par Value	Change in Book Adjusted Carrying Value					Interest				Dates		
		3 Code	4 F or e i g n	5 Bond CHAR			8 Fair Value	9 Fair Value			12 Book / Adjusted Carrying Value	13 Unrealized Valuation Increase/ (Decrease)	14 Current Year's (Amortization)/ Accretion	15 Current Year's Other Than Temporary Impairment Recognized	16 Total Foreign Exchange Change in B/A.C.V.	17 Rate of	18 Effective Rate of When Paid	19 Admitted Amount Due & Accrued	20 Amount Rec. During Year	21 Acquired	22 Maturity	
31404Y-FC-7..	FEDERAL NATL MORTGAGE ASSOC.	.	.	.	.1.	2,029,130	103,1910	.2,062,634	1,998,836	2,019,908	.0	(6,919)	0	.0	.6,000	5.480	.MON.	.9,994	119,930	.06/16/2004..	.07/01/2034..	
31404Y-0G-0..	FEDERAL NATL MTG ASSOC.	0..	.	.	.1.	42,735	103,1910	.43,662	42,312	42,637	.0	(50)	0	.0	.6,000	5.730	.MON.	.212	2,539	.06/04/2004..	.08/01/2034..	
31405C-6N-4..	FEDERAL NATL MORTGAGE ASSOC.	.	.	.	.1.	2,026,888	103,3420	.2,023,811	1,958,346	2,007,955	.0	(11,846)	0	.0	.5,500	4.480	.MON.	.8,976	107,709	.12/07/2004..	.07/01/2019..	
31405M-3P-0..	FEDERAL NATL MTG ASSOC.	0..	.	.	.1.	234,494	102,3010	.241,684	236,247	234,624	.0	.155	0	.0	.5,000	5.060	.MON.	.984	11,812	.09/29/2004..	.08/01/2034..	
31407J-RT-1..	FEDERAL NATL MTG ASSOC.	0..	.	.	.1.	0	0,0000	.0	0	0	.0	0	0	.0	5,000	0.000	.MON.	.8,872	.0	.11/17/2006..	.07/01/2035..	
31407Y-BK-4..	FEDERAL NATL MTG ASSOC.	0..	.	.	.1.	252,948	102,6290	.261,725	255,020	253,016	.0	.243	0	.0	.5,500	5.580	.MON.	.1,169	14,026	.11/21/2006..	.11/01/2035..	
31408E-SK-4..	FEDERAL NATL MTG ASSOC.	0..	.	.	.1.	1,912,933	103,0660	.1,966,222	1,907,717	1,912,138	.0	.385	0	.0	.6,000	5.930	.MON.	.9,539	114,463	.03/13/2006..	.04/01/2036..	
31409A-4P-1..	FEDERAL NATL MTG ASSOC.	0..	.	.	.1.	68,053	103,0660	.69,403	.67,338	.67,966	.0	(113)	0	.0	.6,000	5.620	.MON.	.337	4,040	.01/04/2007..	.03/01/2036..	
31409B-E6-0..	FEDERAL NATL MORTGAGE ASSOC.	0..	.	.	.1.	1,466,321	103,0660	.1,501,553	1,456,874	1,465,656	.0	(1,126)	0	.0	.6,000	5.900	.MON.	.7,284	.87,412	.01/19/2007..	.03/01/2036..	
31410B-FZ-2..	FEDERAL NATL MTG ASSOC.	0..	.	.	.1.	0	0,0000	.0	0	0	.0	0	0	.0	5,500	0.000	.MON.	.2,928	.0	.02/06/2007..	.06/01/2036..	
31410E-5U-8..	FEDERAL NATL MTG ASSOC.	0..	.	.	.1.	223,501	103,9840	.227,675	.218,951	.222,183	.0	(1,237)	0	.0	.6,500	5.640	.MON.	.1,186	.14,232	.01/04/2007..	.09/01/2036..	
31410F-WV-2..	FEDERAL NATL MTG ASSN.	0..	.	.	.1.	88,302	102,6290	.93,382	.90,989	.88,326	.0	.116	0	.0	.5,500	5.740	.MON.	.417	2,085	.07/18/2008..	.02/01/2037..	
31410G-ME-0..	FEDERAL NATL MTG ASSOC.	0..	.	.	.1.	89,194	102,3390	.90,370	.88,304	.89,164	.0	(133)	0	.0	.5,764	5.630	.MON.	.424	5,090	.10/18/2007..	.09/01/2037..	
31410K-CR-3..	FEDERAL NATL MTG ASSOC.	0..	.	.	.1.	84,019	100,1680	.83,256	.83,116	.84,001	.0	(79)	0	.0	4,943	4.820	.MON.	.342	.727	.04/12/2008..	.04/01/2038..	
31410P-P2-3..	FEDERAL NATL MTG ASSOC.	0..	.	.	.1.	173,684	102,6410	.176,609	.172,064	.173,584	.0	(531)	0	.0	.6,065	5.950	.MON.	.870	.10,423	.04/12/2007..	.09/01/2036..	
31410U-FE-7..	FEDERAL NATL MTG ASSOC.	0..	.	.	.1.	254,441	103,0610	.260,439	.252,704	.254,333	.0	(293)	0	.0	.6,000	5.890	.MON.	.1,264	.15,162	.02/22/2007..	.02/01/2037..	
31411B-GL-1..	FEDERAL NATL MTG ASSOC.	0..	.	.	.1.	74,817	102,6290	.77,954	.75,957	.74,835	.0	.196	0	.0	.5,500	5.600	.MON.	.348	.3,481	.02/25/2008..	.02/12/2036..	
31411B-GU-1..	FEDERAL NATL MTG ASSOC.	0..	.	.	.1.	2,419,507	103,0660	.2,406,722	.2,412,690	.2,406,722	.0	(8,231)	0	.0	.6,000	5.620	.MON.	.12,034	.144,403	.02/13/2007..	.02/01/2036..	
31411B-JC-8..	FEDERAL NATL MTG ASSOC.	0..	.	.	.1.	0	0,0000	.0	0	0	.0	0	0	.0	.5,500	0.000	.MON.	.5,242	.0	.01/12/2007..	.12/01/2036..	
31411C-ET-4..	FEDERAL NATL MTG ASSOC.	0..	.	.	.1.	118,053	103,0660	.120,881	.117,284	.118,002	.0	(161)	0	.0	.6,000	5.900	.MON.	.586	.7,037	.01/16/2007..	.01/01/2037..	
31411D-AE-9..	FEDERAL NATL MTG ASSOC.	0..	.	.	.1.	.255,298	103,0660	.260,986	.253,221	.254,739	.0	(356)	0	.0	.6,000	5.720	.MON.	.1,266	.15,193	.11/21/2006..	.11/01/2036..	
31411G-GS-5..	FEDERAL NATL MTG ASSOC.	0..	.	.	.1.	1,273,556	102,6290	.1,316,711	.1,282,978	.1,274,810	.0	(1,810)	0	.0	.5,500	5.610	.MON.	.5,880	.70,564	.12/21/2006..	.12/01/2036..	
31411R-HD-3..	FEDERAL NATL MTG ASSOC.	0..	.	.	.1.	0	0,0000	.0	0	0	.0	0	0	.0	.6,000	0.000	.MON.	.5,870	.0	.07/11/2007..	.07/01/2037..	
31411U-02-1..	FEDERAL NATL MTG ASSOC.	0..	.	.	.1.	.873,572	102,6230	.903,977	.880,867	.873,751	.0	.795	0	.0	.5,500	5.540	.MON.	.4,037	.48,448	.03/27/2007..	.04/01/2037..	
31412A-GR-9..	FEDERAL NATL MTG ASSOC.	0..	.	.	.1.	451,691	103,0610	.472,008	.457,988	.451,841	.0	.554	0	.0	.6,000	6,090	.MON.	.2,290	.27,479	.07/05/2007..	.06/01/2037..	
31412B-GU-0..	FEDERAL NATL MTG ASSOC.	0..	.	.	.1.	0	0,0000	.0	0	0	.0	0	0	.0	.5,000	0.000	.MON.	.8,763	.0	.05/14/2007..	.10/01/2036..	
31412L-CB-4..	FEDERAL NATL MTG ASSOC.	0..	.	.	.1.	188,667	102,6290	.196,303	.191,274	.188,746	.0	.335	0	.0	.5,500	5.590	.MON.	.877	.10,520	.02/09/2007..	.01/01/2037..	
31413B-6G-1..	FEDERAL NATL MTG ASSOC.	0..	.	.	.1.	3,418,011	103,0610	.3,547,306	.3,441,944	.3,420,944	.0	(4,134)	0	.0	.6,000	6,110	.MON.	.17,210	.206,517	.08/16/2007..	.08/01/2037..	
31413F-GK-2..	FEDERAL NATL MTG ASSOC.	0..	.	.	.1.	1,831,492	103,0610	.1,900,772	.1,844,315	.1,833,063	.0	.2,189	0	.0	.6,000	6,110	.MON.	.9,222	.110,659	.08/16/2007..	.08/01/2037..	
31413F-GL-0..	FEDERAL NATL MTG ASSOC.	0..	.	.	.1.	1,351,110	103,0610	.1,400,786	.1,359,180	.1,351,881	.0	.1,367	0	.0	.6,000	6,070	.MON.	.6,796	.81,551	.08/08/2007..	.08/01/2037..	
31413J-FD-1..	FEDERAL NATL MTG ASSOC.	0..	.	.	.1.	.83,188	102,6310	.84,976	.82,797	.83,183	.0	(72)	0	.0	.6,150	6,020	.MON.	.424	.5,069	.08/23/2007..	.09/01/2037..	
31414K-CK-4..	FEDERAL NATL MTG ASSOC.	0..	.	.	.1.	.283,967	103,0610	.289,493	.280,894	.283,897	.0	(247)	0	.0	.6,000	5,860	.MON.	.1,404	.12,640	.03/27/2008..	.01/01/2038..	
31415W-QB-1..	FEDERAL NATL MORTGAGE ASSOC.	0..	.	.	.1.	.78,069	103,0510	.78,608	.76,281	.78,057	.0	(90)	0	.0	.6,000	5,740	.MON.	.381	.1,144	.09/12/2008..	.05/01/2038..	
31415P-VV-4..	FEDERAL NATL MTG ASSOC.	0..	.	.	.1.	.297,496	102,6130	.304,771	.297,098	.297,492	.0	(5)	0	.0	.5,500	5,450	.MON.	.1,361	.2,723	.09/24/2008..	.06/01/2038..	
2699999 - Total Bonds - Special Revenue - Single Class Mortgage-Backed Securities						56,104,607	XXX	57,472,490	55,789,143	55,979,629	.0	(80,664)	0	.0	XXX	XXX	XXX	339,724	3,100,183	XXX	XXX	
31392B-NO-5..	FNR 2001-81 PE					.1.	21,079	.99,8080	.21,165	.21,205	.21,205	.0	.318	0	.0	.6,000	6,070	.MON.	.106	.1,272	.02/22/2002..	.05/01/2030..
31392C-WD-2..	FNR 2002-16..					.1.	13,084	.99,8380	.13,138	.13,160	.13,160	.0	.194	0	.0	.6,500	6,540	.MON.	.71	.855	.03/18/2002..	.03/01/2025..
31393F-LU-8..	FHR 2527 BP..					.1.	1,470,000	.101,7850	.1,526,780	.1,500,000	.1,485,467	.0	.3,602	0	.0	.5,000	5,230	.MON.	.6,250	.75,000	.11/21/2002..	.11/01/2017..
31394E-F2-9..	FEDERAL NATL MORTGAGE ASSOC.					.1.	2,543,375	.102,8840	.2,572,114	.2,500,000	.2,523,100	.0	(3,938)	0	.0	.5,500	5,280	.MON.	.11,458	.137,500	.07/19/2005..	.01/01/2035..
31394E-LB-2..	FEDERAL NATL MORTGAGE ASSOC.					.1.	.5,089,648	.102,0930	.5,104,671	.5,000,000	.5,059,801	.0	(9,586)	0	.0	.5,500	5,230	.MON.				

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY**

**SCHEDULE D - PART 1**

Showing all Long-Term BONDS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes			6 NAIC Designation	7 Actual Cost	Fair Value		10 Rate Used To Obtain Fair Value	11 Par Value	Change in Book Adjusted Carrying Value					Interest				Dates	
		3 Code	4 For eign	5 Bond CHAR			8 Fair Value	9 Fair Value			12 Book / Adjusted Carrying Value	13 Unrealized Valuation Increase/ (Decrease)	14 Current Year's (Amortization)/ Accretion	15 Current Year's Other Than Temporary Impairment Recognized	16 Total Foreign Exchange Change in B./A.C.V.	17 Rate of	18 Effective Rate of When Paid	19 Admitted Amount Due & Accrued	20 Amount Rec. During Year	21 Acquired	22 Maturity
69352J-AC-1..	PPL ENERGY SUPPLY LLC..	.	1..	2FE..		1,068,190	.983,590	.1,000,000	.1,027,202		(.8,674)				.6,400	5.350	.MN..	10,667	.64,000	.09/16/2003..	.11/01/2011..
711030-AC-0..	PEOPLES ENERGY CORP..	.	1..	2FE..		1,051,580	.100,6570	.1,006,570	.1,015,309		(.6,853)				.6,900	6.090	.JJ..	31,817	.69,000	.10/29/2002..	.01/15/2011..
743263-AE-5..	PROGRESS ENERGY INC..	0..	1..	2FE..		29,091	.81,0000	.20,250	.28,985		(.80)				.7,750	6.390	.MS..	646	1,938	.08/23/2007..	.03/01/2031..
837004-BR-0..	SOUTH CAROLINA ELEC & GAS..	.	1..	1FE..		1,042,040	.100,7640	.1,007,640	.1,011,082		(4,847)				.6,700	6.120	.FA..	27,917	.67,000	.03/08/2001..	.02/01/2011..
843646-AF-7..	SOUTHERN POWER CO..	.	1..	2FE..		.997,485	.89,0180	.89,180	.1,000,000		.201				4,875	4,900	.JJ..	22,479	.48,750	.02/04/2004..	.07/15/2015..
923446-AT-3..	VERIZON GLOBAL FDG CORP..	0..	1..	1FE..		.56,646	.97,0000	.48,500	.53,604		(.871)				.7,375	5.180	.MS..	1,229	3,688	.03/30/2005..	.09/01/2012..
02364W-AN-5..	AMERICA MOVIL SA DE CV	0..	F..	1..	1FE..	44,835	.80,930	.40,006	.44,851		14				.5,625	5.670	.MN..	323	2,637	.10/24/2007..	.11/15/2017..
3299999 - Total Bonds - Public Utilities - Issuer Obligations						12,962,319	XXX..	12,561,730	12,680,000	12,785,402	.0	(34,158)	0	0	XXX..	XXX..	XXX..	241,881	751,477	XXX..	XXX..
3899999 - Total - Public Utilities Bonds						12,962,319	XXX..	12,561,730	12,680,000	12,785,402	.0	(34,158)	0	0	XXX..	XXX..	XXX..	241,881	751,477	XXX..	XXX..
002824-AS-9..	ABBOTT LABORATORIES..	0..	1..	1FE..		.65,092	105,5850	.68,630	.65,047		(.18)				5,600	5,560	.MN..	465	3,640	.05/09/2006..	.05/15/2011..
025816-AY-5..	AMERICAN EXPRESS..		1FE..			.722,223	.101,1140	.733,077	.722,379		.155				7,000	7,050	.MS..	14,379	.25,375	.03/12/2008..	.03/19/2018..
03076C-AB-2..	AMERIPRISE FINANCIAL INC..	.	1..	1FE..		.999,490	.82,4310	.824,310	.1,000,000		.39				5,650	5,650	.MN..	7,219	.56,500	.03/17/2006..	.11/15/2015..
049560-AC-9..	ATMOS ENERGY CORP..	.	1..	2FE..		.999,150	.91,7230	.917,230	.1,000,000	.999,603	.86				5,125	5,130	.JJ..	23,632	.51,250	.01/13/2003..	.01/15/2013..
055482-AJ-2..	BJ SERVICES CO..	.	1..	2FE..		.998,410	.85,6460	.856,460	.1,000,000	.998,512	.102				6,000	6,020	.JD..	5,000	.32,000	.05/14/2008..	.06/01/2018..
05568B-AA-6..	BURLINGTON NORTHERN SF..	.	1..	1FE..		1,291,026	.105,1820	.1,359,680	.1,292,692	.1,291,302	.32				5,720	5,730	.JJ..	34,095	.73,942	.05/12/2006..	.01/15/2024..
060505-BD-7..	BANK OF AMERICA CORP..	.	1FE..			.1,517,487	.1,291,860	.1,500,000	.1,515,816	.1,165					5,490	5,350	.MS..	24,248	.82,350	.06/06/2007..	.03/15/2019..
06406H-BE-8..	BANK OF NEW YORK MELLON CORP..	0..	1FE..			.89,909	.101,5270	.90,000	.89,928	.17					4,950	4,970	.MN..	743	4,455	.10/25/2007..	.11/01/2012..
06423A-A0-6..	BANK ONE CORP..	.	1FE..			3,250,680	.100,3210	.3,009,630	.3,111,945	.35,750					5,900	4,500	.MN..	22,617	.177,000	.11/01/2004..	.11/15/2011..
121897-AW-4..	BURLINGTON NORTHERN SF..	0..	1..	2FE..		.62,650	.94,1060	.65,874	.70,000	.62,791	.141				4,875	6,990	.JJ..	1,574	.11/05/2008..	.11/15/2015..	
125577-AY-2..	CIT GROUP INC..	.	1..	2FE..		.1,043,027	.1,500,000	.1,043,027	.1,426	.278,564					5,650	7,640	.FA..	32,488	.84,750	.09/13/2007..	.02/13/2017..
126650-BH-2..	CVS CORP..	0..	1..	2FE..		.40,297	.94,1470	.37,659	.40,281	.15					5,750	5,640	.JD..	.192	.2,300	.04/18/2008..	.06/01/2011..
14040E-HK-1..	CAPITAL ONE BANK..	0..	1FE..			.74,519	.92,5190	.69,390	.75,000	.74,699	.50				5,125	5,210	.FA..	1,452	.3,844	.03/16/2005..	.02/15/2014..
14912L-3U-3..	CATERPILLAR FINANCIAL SERVICE CORP..	.	1FE..			.498,755	.93,6280	.468,140	.500,000	.498,846	.91				5,450	5,480	.AO..	5,753	.14,988	.04/18/2008..	.04/15/2018..
14912L-3U-3..	CATERPILLAR FINANCIAL SERVICE CORP..	0..	1FE..			.40,420	.93,6280	.37,451	.40,400	.40,400	.19				5,450	5,310	.AO..	.460	.1,199	.04/18/2008..	.04/15/2018..
17252M-AH-3..	CINTAS CORP NO 2..	.	1..	1FE..		.1,029,688	.89,8570	.898,570	.1,000,000	.1,027,860	.1827				6,125	5,720	.JD..	5,104	.60,229	.03/04/2008..	.12/01/2017..
17275R-AB-8..	CISCO SYSTEMS INC..	.	1..	1FE..		2,001,880	.103,8130	.2,076,260	.2,000,000	.2,000,921	.397				5,250	5,220	.FA..	37,625	.105,000	.03/17/2006..	.02/22/2011..
17275R-AB-8..	CISCO SYSTEMS INC..	0..	1..	1FE..		.99,809	.103,8130	.103,813	.100,000	.99,912	.38				5,250	5,290	.FA..	.1,881	.5,250	.03/17/2006..	.02/22/2011..
172967-DH-1..	CITI GROUP INC..	0..	1FE..			.996,610	.97,5990	.97,599	.998,453	.674				5,125	5,200	.FA..	19,503	.51,250	.03/17/2006..	.02/14/2011..	
172967-EU-1..	CITI GROUP INC..	0..	1FE..			.63,062	.100,9090	.65,591	.65,000	.63,154	.92				6,500	7,220	.FA..	.1,549	.4,140	.09/19/2008..	.08/19/2013..
191216-AK-6..	COCA COLA CO..	0..	1..	1FE..		.59,998	.107,8910	.64,735	.60,000	.60,000	.1				5,350	5,350	.MN..	.410	.3,335	.10/30/2007..	.11/15/2017..
20029P-AN-9..	COMCAST CABLE COMMUNICATIONS..	.	1..	2FE..		.1,127,860	.98,2420	.982,420	.1,000,000	.1,067,377	.13,048				7,125	5,400	.JD..	3,167	.71,250	.10/24/2003..	.06/15/2013..
20030N-AD-3..	COMCAST CORP..	L.S.	1..	2FE..		.1,028,770	.97,8840	.978,840	.1,000,000	.1,009,608	.40,24				5,500	5,030	.MS..	16,194	.55,000	.09/16/2003..	.03/15/2011..
20030N-AV-3..	COMCAST CORP..	0..	1..	2FE..		.29,937	.105,3050	.31,592	.30,000	.29,937	.30				6,950	6,960	.FA..	.788	.2,039	.08/20/2007..	.08/15/2037..
21079N-AC-9..	CONTINENTAL AIRLINES INC..	.	1..	2FE..		.1,005,000	.67,0000	.1,005,000	.1,005,000	.1,005,000	.13				5,983	5,980	.AO..	17,949	.89,745	.04/03/2007..	.04/19/2022..
22160K-AC-9..	COSTCO WHOLESALE CORP..	.	1..	1FE..		.1,514,145	.106,2880	.1,594,320	.1,500,000	.1,512,313	.167				5,500	5,370	.MS..	24,292	.82,500	.03/26/2007..	.03/15/2017..
225434-AG-4..	CREDIT SUISSE USA INC..	.	1FE..			.1,970,760	.92,0890	.1,841,780	.2,000,000	.1,977,445	.2,499				5,375	5,560	.MS..	35,535	.107,500	.03/17/2006..	.03/02/2016..
244199-BB-0..	DEER & CO..	.	1FE..			.2,379,560	.106,0220	.2,120,440	.2,000,000	.2,218,712	.35,552				6,950	4,600	.AO..	25,483	.139,000	.01/15/2004..	.04/25/2014..
24422E-QM-4..	JOHN DEERE CAPITAL CORP..	0..	1..	1FE..		.30,663	.97,6300	.29,289	.30,000	.30,544	.119				4,950	4,440	.JD..	.58	.1,485	.01/04/2008..	.12/17/2012..
25746U-BE-8..	DOMINION RESOURCES..	.	1..	2FE..		.749,295	.97,9200	.734,400	.750,000	.749,319	.24				6,400	6,410	.JD..	2,133	.23,733	.06/12/2008..	.06/15/2018..
260003-AD-0..	DOVER CORP..	.	1..	1FE..		.998,470	.102,2220	.1,022,220	.1,000,000	.999,592	.174				6,500	6,520	.FA..	24,556	.65,000	.02/07/2001..	.02/15/2011..
263534-BV-0..	EI DUPONT NEMOURS..	.	1..	1FE..		.995,310	.102,9570	.1,029,570	.1,000,000	.995,360	.50</td										

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY**

**SCHEDULE D - PART 1**

Showing all Long-Term BONDS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes			6 NAIC Designation	7 Actual Cost	Fair Value		10 Rate Used To Obtain Fair Value	11 Par Value	Change in Book Adjusted Carrying Value					Interest				Dates	
		3 Code	4 F or e i g n	5 Bond CHAR			8 Fair Value	9 Fair Value			12 Book / Adjusted Carrying Value	13 Unrealized Valuation Increase/ (Decrease)	14 Current Year's (Amortization)/ Accretion	15 Current Year's Other Than Temporary Impairment Recognized	16 Total Foreign Exchange Change in B/A.C.V.	17 Rate of	18 Effective Rate of When Paid	19 Admitted Amount Due & Accrued	20 Amount Rec. During Year	21 Acquired	22 Maturity
406216-AV-3..	HALLIBURTON CO.....	.LS.	.1.	.1FE..	.751,943	105,5010	.785,982	.745,000	.751,788		(155)				.5,900	5.770	.MS.	.13,309	.09/11/2008..	.09/15/2018..	
406216-AV-3..	HALLIBURTON CO.....	.0.	.1	.1FE..	.50,222	105,5010	.52,751	.50,000	.50,217		(5)				.5,900	5.840	.MS.	.893	.09/11/2008..	.09/15/2018..	
421915-EG-0..	HEALTH CARE PPTYS INVEST	.0.	.1	.2FE..	.104,042	.49,2150	.49,215	.100,000	.103,372		(339)				.6,300	5.750	.MS.	.1,855	.6,300	.12/05/2006..	.09/15/2016..
428236-AM-5..	HEWLETT-PACKARD CO.....	.0.	.1	.1FE..	.1,503,225	.1,000,1880	.1,502,820	.1,500,000	.1,502,848		(271)				.5,400	5.370	.MS.	.27,000	.81,000	.03/26/2007..	.03/01/2017..
437076-AS-1..	HOME DEPOT INC.....	.0.	.1	.2FE..	.25,762	.78,4100	.23,523	.30,000	.25,831		47				.5,875	7.010	.JD.	.73	.1,763	.07/30/2007..	.12/16/2036..
438516-AX-4..	HONEYWELL INTL.....	.0.	.1	.1FE..	.40,844	.102,0280	.40,811	.40,000	.40,800		(44)				.5,300	5.020	.MS.	.707	.1,072	.04/18/2008..	.03/01/2018..
44106M-AG-7..	HOSPITALITY PROPERTIES TRUST	.0.	.1	.2FE..	.74,861	.50,5290	.37,897	.75,000	.74,906		13				.5,125	5.140	.FA.	.1,452	.3,844	.02/10/2005..	.02/15/2015..
441812-KA-1..	HOUSEHOLD FINANCE CORP.....	.0.	.1	.1FE..	.1,085,130	.97,8380	.978,380	.1,000,000	.1,041,150		(9,278)				.6,375	5.190	.MN.	.6,021	.63,750	.09/15/2003..	.11/27/2012..
443510-AE-2..	HUBBELL INC.....	.0.	.1	.1FE..	.1,240,450	.102,7460	.1,284,325	.1,250,000	.1,240,861		411				.5,950	6.050	.JD.	.6,198	.36,981	.05/28/2008..	.06/01/2018..
459200-GN-5..	IBM CORP.....	.0.	.1	.1FE..	.996,470	.100,0000	.1,000,000	.996,598		128				.6,500	6.580	.AO.	.13,722		.10/14/2008..	.10/15/2013..	
459200-GN-5..	IBM CORP.....	.0.	.1	.1FE..	.65,400	.100,0000	.65,000	.65,386		(14)				.6,500	6.350	.AO.	.892		.10/14/2008..	.10/15/2013..	
461202-AA-1..	INTUIT INC.....	.0.	.1	.2FE..	.49,998	.90,8780	.45,439	.50,000	.49,999					.5,400	5.400	.MS.	.795	.2,700	.03/07/2007..	.03/15/2012..	
46625H-GY-0..	JP MORGAN CHASE & CO.....	.0.	.1	.1FE..	.59,010	.105,5520	.58,609	.65,000	.59,089		80				.6,000	7.390	.JJ.	.1,798		.10/30/2008..	.01/15/2018..
478366-AQ-0..	JOHNSON CONTROLS INC.....	.0.	.1	.1FE..	.1,295,622	.91,8940	.1,190,027	.1,295,271		(123)				.5,250	5.230	.JJ.	.31,350	.67,988	.01/10/2006..	.01/15/2011..	
478366-AQ-0..	JOHNSON CONTROLS INC.....	.0.	.1	.1FE..	.647,853	.704,908	.91,8940	.705,000	.704,959		19				.5,250	5.250	.JJ.	.17,067	.37,013	.01/10/2006..	.01/15/2011..
478366-AR-8..	JOHNSON CONTROLS INC.....	.0.	.1	.1FE..	.49,943	.77,4940	.38,747	.50,000	.49,957		5				.5,500	5.510	.JJ.	.1,268	.2,750	.01/09/2006..	.01/15/2016..
49326E-EB-5..	KEYCORP.....	.0.	.1	.1FE..	.31,988	.92,1880	.32,266	.35,000	.32,055		67				.6,500	8.860	.MN.	.297	.325	.11/24/2008..	.05/14/2013..
494368-AO-6..	KIMBERLY-CLARK CORP.....	.0.	.1	.1FE..	.915,959	.110,5460	.855,626	.774,000	.854,424		(13,644)				.6,875	4.570	.FA.	.20,102	.53,213	.01/27/2004..	.02/15/2014..
494368-AO-6..	KIMBERLY-CLARK CORP.....	.0.	.1	.2FE..	.267,451	.110,5460	.249,834	.226,000	.249,483		(3,984)				.6,875	4.570	.FA.	.5,870	.15,538	.01/27/2004..	.02/15/2014..
50075N-AS-3..	KRAFT FOODS INC.....	.0.	.1	.2FE..	.19,883	.100,5140	.20,000	.19,895		9				.6,500	6.580	.FA.	.506	.1,293	.08/08/2007..	.08/11/2017..	
518439-AA-2..	ESTEE LAUDER COS INC.....	.0.	.1	.1FE..	.995,380	.98,1110	.981,110	.1,000,000	.998,301		495				.6,000	6.060	.JJ.	.27,667	.60,000	.01/07/2002..	.01/15/2012..
52517P-5X-5..	LEHMAN BROTHERS HOLDINGS.....	.0.	.1	.6FE..	.7,500	.9,5000	.5,700	.60,000	.5,700	(1,800)	4			.6,200	6.210	.MS.	.1,860		.09/19/2007..	.09/26/2014..	
53117C-AH-5..	LIBERTY PROPERTY LP.....	.0.	.1	.2FE..	.103,393	.73,8740	.100,000	.102,198		(329)				.5,650	5.190	.FA.	.2,134	.5,650	.01/26/2005..	.08/15/2014..	
53117C-AL-6..	LIBERTY PROPERTY LP.....	.0.	.1	.2FE..	.993,850	.66,1290	.994,440	.1,000,000		463				.6,625	6.710	.AO.	.16,563	.67,354	.09/20/2007..	.10/01/2017..	
546268-AG-8..	LOUISIANA LAND & EXPLORE	.0.	.1	.1FE..	.1,222,180	.110,6600	.1,106,600	.1,000,000	.1,187,793		(7,781)				.7,650	5.750	.JD.	.6,375	.76,500	.01/16/2004..	.12/01/2023..
59018Y-SH-5..	MERRILL LYNCH & CO.....	.0.	.1	.1FE..	.145,740	.97,7250	.146,588	.150,000	.148,645		686				.4,500	5.010	.MN.	.1,069	.6,750	.05/14/2004..	.11/04/2010..
61166W-AF-8..	MONSANTO CO.....	.0.	.1	.1FE..	.1,502,694	.104,9220	.1,573,830	.1,500,000	.1,502,543		(151)				.5,125	5.100	.AO.	.16,229	.38,438	.04/10/2008..	.04/15/2018..
61747Y-CE-3..	MORGAN STANLEY.....	.0.	.1	.1FE..	.1,485,450	.86,2730	.1,294,095	.1,500,000	.1,486,584		1,134				.6,000	6.170	.AO.	.15,750	.45,000	.05/09/2008..	.04/28/2015..
637432-LR-4..	NATIONAL RURAL UTILITIES.....	.0.	.1	.1FE..	.1,102,640	.117,0410	.1,170,410	.1,000,000		(766)				.10,375	8.800	.MN.	.17,580		.11/13/2008..	.11/01/2018..	
637432-LR-4..	NATIONAL RURAL UTILITIES.....	.0.	.1	.1FE..	.69,531	.117,0410	.67,077	.65,000	.69,482		(48)				.10,375	9.280	.MN.	.1,143		.11/13/2008..	.11/01/2018..
65248Z-BC-3..	NEWS AMERICA INC.....	.0.	.1	.2FE..	.25,100	.89,6560	.22,414	.25,000		25				.6,550	6.510	.MS.	.482	.819	.04/04/2008..	.03/15/2033..	
654740-AA-7..	NISSAN MOTOR ACCEPTANCE	.0.	.1	.2FE..	.1,000,051	.99,0270	.990,270	.1,000,000	.1,000,013		(10)				.4,625	4.620	.MS.	.14,517	.46,250	.03/02/2005..	.03/08/2010..
66577Z-CG-9..	NORTHERN ST POWER-MINN.....	.0.	.1	.1FE..	.0,111,110	.99,6340	.996,340	.1,000,000	.1,010,432		(676)				.5,250	5.100	.MS.	.17,500	.23,771	.03/26/2008..	.03/01/2018..
670346-AK-0..	NUCOR CORP.....	.0.	.1	.1FE..	.1,029,650	.98,8300	.988,300	.1,000,000	.1,027,926		(1,724)				.5,750	5.350	.JD.	.4,792	.57,181	.03/26/2008..	.03/01/2017..
670346-AK-1..	NUCOR CORP.....	.0.	.1	.1FE..	.30,034	.97,0430	.29,113	.30,000	.30,032		(2)				.5,850	5.830	.JD.	.146	.873	.05/28/2008..	.06/01/2018..
68402L-AE-4..	ORACLE CORP.....	.0.	.1	.1FE..	.1,974,637	.102,6980	.2,053,960	.2,000,000	.1,988,002		5,433				.5,000	5.310	.JJ.	.46,111	.100,000	.06/16/2006..	.01/15/2011..
694308-GP-6..	PACIFIC GAS & ELECTRIC	.0.	.1	.1FE..	.1,489,038	.103,4080	.1,551,120	.1,500,000	.1,489,273		235				.6,250	6.420	.JD.	.11,198		.11/14/2008..	.12/01/2013..
70109H-AH-8..	PARKER-HANNIFIN CORP.....	.0.	.1	.1FE..	.1,496,112	.96,6770	.1,447,255	.1,497,000	.1,496,152		40				.5,500	5.500	.MN.	.10,521	.40,939	.05/13/2008..	.05/15/2018..
70109H-AH-8..	PARKER-HANNIFIN CORP.....	.0.	.1	.1FE..	.2,993	.96,6770	.2,900	.3,000	.2,993		3,000				.5,500	5.530	.MN.	.21	.82	.05/13/2008..	.05/15/2018..
713448-BJ-6..	PEPSICO INC.....	.0.	.1	.1FE..	.9,976	.122,5650	.12,257	.10,000	.9,976					.7,900	7.930	.MN.	.147		.10/21/2008..	.11/01/2018..	
72650R-AP-7..	PLAINS ALL AMER PIPELINE	.0.	.1	.2FE..	.40,372	.79,5190	.31,808	.40,000	.40,333		(31)				.6,125	5.990	.JJ.	.1,130	.2,450	.08/23/2007..	.0

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY**

**SCHEDULE D - PART 1**

Showing all Long-Term BONDS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes			6 NAIC Designation	7 Actual Cost	Fair Value		10 Rate Used To Obtain Fair Value	11 Par Value	Change in Book Adjusted Carrying Value					Interest						
		3 Code	4 F or e i g n	5 Bond CHAR			8 Fair Value	9 Fair Value			12 Book / Adjusted Carrying Value	13 Unrealized Valuation Increase/ (Decrease)	14 Current Year's (Amortization)/ Accretion	15 Temporary Impairment Recognized	16 Total Foreign Exchange Change in B./A.C.V.	17 Rate of	18 When Paid	19 Admitted Amount Due & Accrued	20 Amount Rec. During Year	21 Acquired	22 Maturity	
90261X-BY-7..	UBS AG STAMFORD CT	.	.	.1	1FE..	2,043,120	92,7140	1,854,284	2,000,000	2,035,166		(3,661)			5.875	5.580	JJ..	54,181	117,500	09/14/2006..	07/15/2016..	
907818-DB-1..	UNION PACIFIC CORP	0..	.	.1	2FE..	66,381	114,2430	74,258	65,000	66,351		(30)			7,875	7,570	JJ..	1,194		10/03/2008..	01/15/2019..	
913017-BD-0..	UNITED TECH CORP	.	.	.1	1FE..	997,640	105,7350	1,057,350	1,000,000	999,361		267			6,350	6,380	MS..	21,167	63,500	02/21/2001..	03/01/2011..	
913017-BM-0..	UNITED TECH CORP	0..	.	.1	1FE..	40,869	101,0900	40,436	40,000	40,823		(46)			5,375	5,080	JD..	.96	2,198	04/18/2008..	12/15/2017..	
91324P-A0-5..	UNITEDHEALTH GROUP	0..	.	.1	2FE..	38,884	88,1280	35,251	40,000	39,020		107			5,375	5,790	MS..	633		09/21/2007..	03/15/2016..	
931142-CL-5..	WALMART STORES INC	0..	.	.1	1FE..	49,981	102,9280	51,464	50,000	49,984		2			4,250	4,250	AO..	449	1,063	04/08/2008..	04/15/2013..	
94973V-AJ-6..	WELLPOINT INC	.	.	.1	1FE..	1,999,660	94,5150	1,890,300	2,000,000	1,999,859		64			5,000	5,000	JJ..	46,111	100,000	01/05/2006..	01/15/2011..	
949746-JJ-1..	WELLS FARGO CO	.	.	.1	1FE..	1,498,065	100,3100	1,504,650	1,500,000	1,499,591		377			4,200	4,220	JJ..	29,050	63,000	11/29/2004..	01/15/2010..	
982526-AB-1..	WM WRIGLEY JR CO	.	.	.1	3..	1,996,857	74,0000	1,480,000	2,000,000	1,480,000		(517,787)			4,650	4,660	JJ..	42,883	93,000	07/11/2005..	07/15/2015..	
983024-AE-0..	WYETH	0..	.	.1	1FE..	59,320	101,5790	60,947	60,000	59,441		94			5,500	5,710	FA..	1,375	3,300	09/21/2007..	02/01/2014..	
983024-AM-2..	WYETH	.	.	.1	1FE..	1,496,895	101,8500	1,527,750	1,500,000	1,497,338		249			5,450	5,470	AO..	20,438	81,750	03/22/2007..	04/01/2017..	
984121-BS-1..	XEROX CORPORATION	0..	.	.1	2FE..	49,590	83,8050	41,903	50,000	49,694		80			5,500	5,700	MN..	351	2,750	09/21/2007..	05/15/2012..	
03746A-AC-4..	APACHE FINANCE CANADA	.	.	.1	1FE..	1,947,952	93,9620	1,879,240	2,000,000	1,967,189		4,328			4,375	4,670	MN..	11,181	87,500	03/08/2004..	05/15/2015..	
89352H-AB-5..	TRANS CANADA PIPELINES	0..	.	.1	1FE..	49,457	85,0550	42,528	50,000	49,476		.8			5,850	5,920	MS..	861	2,925	01/10/2007..	03/15/2036..	
055450-AG-5..	BHP FINANCE USA LTD	F..	.	.1	1FE..	2,449,680	101,1860	2,023,720	2,000,000	2,296,493		(33,959)			7,250	4,780	MS..	48,333	145,000	01/15/2004..	03/01/2016..	
25243Y-AJ-8..	DIADEGO CAPITAL PLC	0..	F..	.1	1FE..	44,883	95,8510	43,133	45,000	44,905		10			5,500	5,530	MS..	626	2,475	09/25/2006..	09/30/2016..	
30239X-AC-1..	FBG FINANCE LTD	F..	.	2FE..	1,994,199	82,4280	1,648,560	2,000,000	1,995,883		524			5,125	5,160	JD..	4,556	102,500	06/22/2005..	06/15/2015..		
500472-AB-1..	PHILIPS ELECTRON PHG	F..	.	.1	1FE..	1,482,075	92,1350	1,382,025	1,500,000	1,483,167		1,092			5,750	5,910	MS..	26,354	43,125	03/05/2008..	03/11/2018..	
75405U-AD-8..	RAS LAFFAN LNG 3	L..	.	.1	1FE..	1,797,628	67,1890	1,206,043	1,795,000	1,797,487		(68)			6,332	6,310	MS..	28,731	113,659	09/20/2006..	09/30/2027..	
75405U-AD-8..	RAS LAFFAN LNG 3	L..	.	.1	1FE..	205,000	67,1890	137,737	205,000	205,000				6,332	6,330	MS..	3,281	12,981	09/20/2006..	09/30/2027..		
87938W-AA-0..	TELEFONICA EMISIONES SAU	0..	F..	.1	1FE..	65,000	97,2050	63,183	65,000	65,000				5,855	5,850	FA..	1,554	4,144	06/19/2007..	02/04/2013..		
881575-AA-2..	TESCO PLC	F..	.	.1	1FE..	3,967,600	92,7010	3,708,040	4,000,000	3,970,567		2,594			5,500	5,600	MN..	28,111	226,111	11/07/2007..	11/15/2017..	
902133-AC-4..	TYCO ELECTRONICS GROUP	F..	.	.1	2FE..	1,495,239	84,0400	1,260,600	1,500,000	1,495,621		382			6,550	6,590	AO..	24,563	49,125	05/20/2008..	10/01/2017..	
91732B-AA-7..	USIMINAL COMMERCIAL LTD	F..	.	.1	2FE..	867,361	88,0000	770,000	875,000	867,875		.514			7,250	7,370	JJ..	28,723	31,719	01/11/2008..	01/18/2018..	
91911T-AG-8..	VALE OVERSEAS LIMITED	0..	F..	.1	2FE..	50,187	94,2800	47,140	50,000	50,166		(15)			6,250	6,190	JJ..	1,372	3,125	11/17/2006..	01/23/2017..	
92334N-AB-9..	VEOLIA ENVIRON	F..	.	.1	1FE..	995,612	88,6410	1,000,000	995,816	986,410		204			6,000	6,050	JD..	5,000	30,667	05/22/2008..	06/01/2018..	
3999999 - Total Bonds - Industrial, Misc. - Issuer Obligations						105,962,181	XXX..	97,898,710	106,072,932	104,641,282		(519,587)			1,950,879	0..	XXX..	XXX..	1,677,942	5,102,504	XXX..	XXX..
05947U-HM-3..	BANC OF AMERICA COMM MTG INC	.	.	.1	1FE..	1,022,813	92,7810	.927,816	1,000,000	1,007,227		(3,010)			5,118	4,780	MON..	4,265	51,180	09/05/2002..	07/01/2043..	
07383F-AT-3..	BEAR STEARNS COMM MTG SEC	.	.	.1	1FE..	2,513,753	89,8920	2,247,314	2,500,000	2,506,118				5,200	5,100	MON..	10,833	130,000	04/22/2004..	01/01/2041..		
07383F-QU-5..	BEAR STEARNS COMM MTG SEC	.	.	.1	1FE..	2,010,236	88,9370	1,778,744	2,000,000	2,002,925				4,740	4,650	MON..	7,900	94,800	04/15/2003..	03/01/2040..		
07387B-FS-7..	BEAR STEARNS COMM MORTGAGE	.	.	.1	1FE..	2,002,966	85,5140	1,710,298	2,000,000	2,001,584				5,466	5,420	MON..	9,110	110,953	08/17/2006..	04/01/2038..		
20047E-AE-2..	COMMERCIAL MTG PASS THRU CERT	0..	.	.1	1FE..	108,554	72,9850	.83,934	115,000	109,041		.487			5,306	6,140	MON..	508	4,576	02/29/2008..	12/01/2046..	
22545D-AD-9..	CREDIT SUISSE MORTGAGE CAPITAL	0..	.	.1	1FE..	122,871	80,8340	101,043	125,000	123,033		.162			5,827	6,060	MON..	607	6,171	02/21/2008..	06/01/2038..	
36158Y-FT-1..	GE CAPITAL COMM MTG CORP	.	.	.1	1FE..	1,004,925	90,8100	.908,105	1,000,000	1,001,068		(712)			5,349	5,260	MON..	4,458	53,490	08/07/2002..	08/01/2036..	
36228C-VT-7..	GS MORTGAGE SECURITIES CORP II	0..	.	.1	1FE..	100,993	80,8500	.80,850	100,000	100,645		(105)			4,761	4,610	MON..	397	4,761	06/09/2005..	07/01/2039..	
396789-EQ-8..	GREENWICH CAPITAL COML FUNDING	0..	.	.1	1FE..	29,446	96,9460	28,405	29,300	29,312		(42)			4,022	3,910	MON..	98	1,178	12/09/2003..	07/01/2036..	
46625M-NP-0..	JP MORGAN CHASE COMM MTG	.	.	.1	1FE..	1,004,968	91,1070	.911,079	1,000,000	1,001,148		(738)			5,161	5,070	MON..	4,301	51,610	10/28/2002..	10/01/2037..	
46625M-PM-5..	JP MORGAN CHASE COMM MTG SEC	.	.	.1	1FE..	1,507,467	90,3540	1,355,324	1,500,000	1,501,782		(1,061)			5,050	4,960	MON..	6,313	75,750	12/02/2002..	12/01/2034..	
46625Y-NB-5..	JP MORGAN CHASE COMM MTG	.	.	.1	1FE..	200,990	79,1600	158,321	200,000	200,435		(167)			4,697	4,590	MON..	783	9,394	06/10/2005..	07/01/2042..	
466270-BA-5..	JP MORGAN CHASE COMM MTG	0..	.	.1	1FE..	116,714	76,9380	.92,326	120,000	116,972		.258			5,814	6,220	MON..	581	5,233	02/27/2008..	06/01/2043..	
46629Y-AC-3																						

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY**

**SCHEDULE D - PART 1**

Showing all Long-Term BONDS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes			6 NAIC Designation	7 Actual Cost	Fair Value		10 Rate Used To Obtain Fair Value	11 Par Value	Change in Book Adjusted Carrying Value				Interest				Dates		
		3 Code	4 F or e i g n	5 Bond CHAR			8 Unrealized Valuation Increase/ (Decrease)	12 Book / Adjusted Carrying Value			13 Current Year's (Amortization)/ Accretion	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Foreign Exchange Change in B./A.C.V.	16 Rate of	17 Effective Rate of	18 When Paid	19 Admitted Amount Due & Accrued	20 Amount Rec. During Year	21 Acquired	22 Maturity	
.161571-A0-7..	CHASE ISSUANCE TRUST	0..	.1..	1FE..	.75,703	.95,1590	..71,370	.75,000	.75,574		(129)			.4,550	3,810	.MON.	.152	1,706	.07/08/2008..	.03/15/2013..	
233882-AD-1..	DAIMLER CHRYSLER AUTO TRUST	0..		1FE..	.99,993	.95,0260	.95,027	.100,000	.99,996		.3			.5,000	5,000	.MON.	.319	5,000	.11/15/2007..	.02/08/2012..	
244243-BN-0..	JOHN DEERE OWNER TRUST	0..		1FE..	.746,687	.99,4270	.760,410	.764,791	.757,711		.4,977			.4,160	5,620	.MON.	.1,414	.31,815	.03/14/2006..	.05/15/2012..	
.36159J-AN-1..	GE CAPITAL CREDIT CARD TRUST	0..	.1..	1FE..	.250,352	.93,1230	.232,810	.250,000	.250,274		(78)			.4,130	4,090	.MON.	.459	.9,465	.01/29/2008..	.06/15/2013..	
.47214T-AC-3..	JCP&L TRANSITION FUNDING LLC	0..	.1..	1FE..	.998,919	.100,5240	.1,005,250	.1,000,000	.999,567		.114			.5,810	5,820	MUSD.	.4,196	.58,100	.06/04/2002..	.12/05/2015..	
.65475F-AP-2..	NISSAN AUTO REC OWNER TRUST	0..	.1..	1FE..	.99,981	.90,2080	.90,208	.100,000	.99,984		.4			.4,280	4,280	.MON.	.190	.3,816	.01/15/2008..	.07/15/2014..	
.693401-AG-6..	PGE ENERGY RECOVERY FUNDING	0..		1FE..	.1,501,055	.100,4950	.1,507,428	.1,500,602	.1,500,000		(166)			.5,030	5,000	MUSD.	.1,258	.75,450	.03/20/2006..	.03/25/2014..	
.74971V-AB-7..	RBS BONDCO LLC	0..		1FE..	.1,699,198	.96,9060	.1,647,409	.1,700,000	.1,699,484		.140			.5,720	5,720	.AO.	.24,310	.122,090	.06/22/2007..	.04/01/2018..	
.87316Y-AB-7..	TXU BOND COMPANY LLC	0..		1FE..	.1,481,777	.98,5620	.1,478,438	.1,500,000	.1,488,113		.2,583			.4,810	5,190	.MON.	.9,219	.72,150	.03/20/2006..	.05/15/2015..	
.89578S-AN-3..	TRIAD AUTO RECEIVABLES TRUST	0..		2FE..	.169,644	.90,1990	.153,030	.169,657	.169,654		(85)			.4,220	4,220	.MON.	.378	.7,160	.05/18/2005..	.06/12/2012..	
.92867B-AD-6..	VOLKSWAGEN AUTO LOAN TRUST	0..	.1..	1FE..	.135,993	.94,7510	.128,862	.136,000	.135,995		.2			.4,500	4,500	.MON.	.187	.3,757	.05/01/2008..	.07/20/2012..	
.92927W-AD-8..	WFS FINANCIAL OWNER TRUST	0..		1FE..	.34,988	.99,7240	.34,881	.34,977		(4)			.4,390	4,370	.MON.	.60	.1,535	.03/22/2005..	.11/17/2012..		
.94978S-AH-2..	WELLS FARGO FIN AUTO TRUST	0..		1FE..	.1,014,495	.97,3400	.1,008,633	.1,036,190	.1,027,715		.1,715			.4,280	5,250	.MON.	.1,971	.44,349	.03/13/2006..	.05/15/2012..	
4499999 - Total Bonds - Industrial, Misc. - Other Multi-Class Commercial Mortgage-Backed/Asset-Backed Securities					.10,659,500	.XXX	.10,457,119	.10,717,490	.10,690,462		.0	.9,118	.0	.0	.XXX	.XXX	.XXX	.51,503	.550,715	XXX..	XXX..
4599999 - Total - Industrial and Miscellaneous Bonds					.138,773,351	.XXX	.127,571,976	.138,725,550	.137,346,941		(519,587)	(176,448)	.1,950,879	.0	.XXX	.XXX	.XXX	.1,818,804	.6,779,286	XXX..	XXX..
5499999 - Total - Issuer Obligations					.369,831,284	.XXX	.359,598,222	.356,396,932	.361,890,692		(519,587)	(1,594,690)	.1,950,879	.0	.XXX	.XXX	.XXX	.5,067,312	.16,595,655	XXX..	XXX..
5599999 - Total - Single Class Mortgage-Backed/Asset-Backed Securities					.62,479,843	.XXX	.64,048,368	.62,176,801	.62,355,336		.0	(79,492)	.0	.0	.XXX	.XXX	.XXX	.368,906	.3,381,143	XXX..	XXX..
5699999 - Total - Defined Multi-Class Residential Mortgage-Backed Securities					.16,456,860	.XXX	.16,774,135	.16,466,668	.16,466,444		.0	.1,797	.0	.0	.XXX	.XXX	.XXX	.72,609	.871,312	XXX..	XXX..
5899999 - Total - Defined Multi-Class Commercial Mortgage-Backed Securities					.22,151,670	.XXX	.19,216,147	.21,935,128	.22,015,197		.0	(28,112)	.0	.0	.XXX	.XXX	.XXX	.89,359	.1,126,067	XXX..	XXX..
5999999 - Total - Other Multi-Class Commercial Mortgage-Backed Securities					.10,659,500	.XXX	.10,457,119	.10,717,490	.10,690,462		.0	.9,118	.0	.0	.XXX	.XXX	.XXX	.51,503	.550,715	XXX..	XXX..
<b>6099999 Totals</b>					<b>481,579,157</b>	<b>XXX</b>	<b>470,093,991</b>	<b>467,693,019</b>	<b>473,418,131</b>		<b>(519,587)</b>	<b>(1,691,385)</b>	<b>1,950,879</b>	<b>0</b>	<b>XXX</b>	<b>XXX</b>	<b>XXX</b>	<b>5,649,689</b>	<b>22,524,892</b>	<b>XXX</b>	<b>XXX</b>

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY**

**SCHEDULE D - PART 2 - SECTION 1**

Showing ALL PREFERRED STOCKS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes		5 Number of Shares	6 Par Value Per Share	7 Rate Per Share	8 Book/ Adjusted Carrying Value	Fair Value		11 Rate Per Share Used to Obtain Fair Value	Dividends			15 Unrealized Valuation Increase/ (Decrease)	16 Current Year's (Amortization) Accretion	Change in Book/ Adjusted Carrying Value			20 NAIC Design- ation	21 Date Acquired
		3 Code	4 Foreign					9 Fair Value	10 Actual Cost		12 Declared But Unpaid	13 Amount Received During Year	14 Nonadmitted Declared But Unpaid			17 Current Year's Other Than Temporary Impairment Recognized	18 Total Change In B.A.C.V. (15 + 16 - 17)	19 Total Foreign Exchange Change In B.A.C.V.		
369622-45-1...	GENERAL ELECTRIC CAP CORP.....			40,000.000	25.00	0.000	812,800	21,000	840,000	.812,800	0	60,000	.0	0	0	187,200	(187,200)	0	RPL1	04/17/2007...
6399999 - Total - Preferred Stock - Industrial, Misc.							812,800	XXX	840,000	.812,800	0	60,000	.0	0	0	187,200	(187,200)	0	XXX,	XXX,
6399999 Total - Preferred Stocks				812,800	XXX	840,000	812,800	0	60,000	0	0	0	0	0	0	187,200	(187,200)	0	XXX	XXX

## ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY

## SCHEDULE D - PART 2 - SECTION 2

Showing all COMMON STOCKS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes		5 Number of Shares	6 Book / Adjusted Carrying Value	Fair Value		9 Rate per Share Used To Obtain Fair Value	Dividends			Change in Book / Adjusted Carrying Value				17 NAIC Market Indicator (a)	18 Date Acquired
		3 Code	4 Foreign			7 Fair Value	8 Fair Value		10 Declared But Unpaid	11 Amount Received During Year	12 Nonadmitted Declared But Unpaid	13 Unrealized Valuation Increase / (Decrease)	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Change in B./A.C.V. (13 - 14)	16 Total Foreign Exchange Change in B./A.C.V.		
001204-10-6....	AGL RESOURCES, INC.....			,55,000.000	,1,724,250	31.350	,1,724,250	,1,206,746	,0	,92,400	,0	,(345,950)	,0	,(345,950)	0	L	05/20/2005..
00206R-10-2....	AT&T INC.....			165,750.000	4,723,875	28.500	4,723,875	1,799,917	,0	,265,200	,0	,(2,164,695)	,0	,(2,164,695)	0	L	12/09/2005..
023608-10-2....	AMEREN CORP.....			,15,000.000	,498,900	,33,260	,498,900	,612,741	,0	,38,100	,0	,(314,250)	,0	,(314,250)	0	L	01/29/2003..
209115-10-4....	CONSOLIDATED EDISON INC.....			,70,000.000	,2,725,100	,38,930	,2,725,100	,2,780,725	,0	,163,800	,0	,(694,400)	,0	,(694,400)	0	L	01/27/2005..
233293-10-9....	DPL INC.....			,64,000.000	,1,461,760	,22,840	,1,461,760	,1,773,201	,0	,70,400	,0	,(430,052)	,0	,(430,052)	0	L	01/17/2008..
26441C-10-5....	DUKE ENERGY CORP.....			,93,600.000	,1,404,936	,15,010	,1,404,936	,1,031,128	,0	,84,240	,0	,(482,976)	,0	,(482,976)	0	L	09/30/2002..
636180-10-1....	NATIONAL FUEL GAS.....			,64,000.000	,2,005,120	,31,330	,2,005,120	,948,982	,20,800	,81,280	,0	,(982,400)	,0	,(982,400)	0	L	09/30/2002..
646025-10-6....	NEW JERSEY RESOURCES CORP.....			,70,500.000	,2,774,175	,39,350	,2,774,175	,1,334,818	,21,855	,78,020	,0	,423,235	,0	,423,235	0	L	02/15/2005..
720186-10-5....	PIEDMONT NAT'L GAS.....			,100,000.000	,3,167,000	,31,670	,3,167,000	,1,266,367	,26,000	,103,000	,0	,551,000	,0	,551,000	0	L	01/31/2003..
80589M-10-2....	SCANA CORP.....			,60,000.000	,2,136,000	,35,600	,2,136,000	,2,265,231	,27,600	,109,200	,0	,(393,000)	,0	,(393,000)	0	L	02/02/2005..
816851-10-9....	SEMPRA ENERGY.....			,55,000.000	,2,344,650	,42,630	,2,344,650	,970,107	,19,250	,73,150	,0	,(1,058,750)	,0	,(1,058,750)	0	L	10/16/2002..
838518-10-8....	SOUTH JERSEY INDUSTRIES.....			,50,000.000	,1,992,500	,39,850	,1,992,500	,1,771,138	,0	,55,375	,0	,152,846	,0	,152,846	0	L	01/17/2008..
92240G-10-1....	VECTREN CORPORATION.....			,70,000.000	,1,750,700	,25,010	,1,750,700	,1,051,623	,0	,91,700	,0	,(280,000)	,0	,(280,000)	0	L	12/09/2005..
92343V-10-4....	VERIZON COMMUNICATIONS.....			,72,400.000	,2,454,360	,33,900	,2,454,360	,1,519,834	,0	,126,700	,0	,(701,711)	,0	,(701,711)	0	L	07/03/2000..
699999 - Total - Common Stock - Public Utility				,31,163,326	XXX	,31,163,326	XXX	,20,332,558	,115,505	,1,432,565	,0	,(6,721,103)	,0	,(6,721,103)	0	XXX	XXX
060505-10-4....	BANK OF AMERICA CORP.....			,120,000.000	,1,689,600	,14,080	,1,689,600	,893,582	,0	,268,800	,0	,(3,261,600)	,0	,(3,261,600)	0	L	03/13/1995..
064058-10-0....	BANK OF NEW YORK MELLON CORP.....			,81,000.000	,2,294,730	,28,330	,2,294,730	,2,294,730	,0	,77,760	,0	,(251,609)	,1,403,221	,(1,654,830)	0	L	12/24/2007..
172957-10-1....	CITIGROUP.....			,76,000.000	,509,960	,6,710	,509,960	,509,960	,0	,85,120	,0	,(343,966)	,1,383,514	,(1,727,480)	0	L	09/07/2005..
46625H-10-0....	J P MORGAN CHASE & CO.....			,107,970,000	,3,404,294	,31,530	,3,404,294	,991,709	,0	,164,114	,0	,(1,308,596)	,0	,(1,308,596)	0	L	07/01/2004..
902973-30-4....	US BANCORP NEW.....			,60,000.000	,1,500,600	,25,010	,1,500,600	,1,558,386	,25,500	,102,000	,0	,(403,800)	,0	,(403,800)	0	L	11/12/2004..
949746-10-1....	WELLS FARGO.....			,93,000.000	,2,741,640	,29,480	,2,741,640	,2,556,125	,0	,120,900	,0	,(66,030)	,0	,(66,030)	0	L	08/06/2007..
699999 - Total - Common Stock - Banks, Trust, Insurance				,12,140,824	XXX	,12,140,824	XXX	,8,804,492	,25,500	,818,694	,0	,(5,635,601)	,2,786,735	,(8,422,336)	0	XXX	XXX
013817-10-1....	ALCOA INC.....			,48,000.000	,540,480	,11,260	,540,480	,540,480	,0	,30,940	,0	,(224,600)	,987,215	,(1,211,815)	0	L	03/27/2008..
031162-10-0....	AMGEN INC.....			,34,000.000	,1,963,500	,57,750	,1,963,500	,2,090,923	,0	,0	,0	,(127,423)	,0	,(127,423)	0	L	09/25/2008..
053484-10-1....	AVALONBAY COMMUNITIES INC.....			,6,500.000	,393,770	,6,580	,393,770	,393,770	,17,550	,20,838	,0	,86,143	,319,306	,(233,163)	0	L	05/02/2008..
057224-10-7....	BAKER HUGHES INC.....			,39,000.000	,1,250,730	,32,070	,1,250,730	,1,117,862	,0	,21,840	,0	,(1,912,170)	,0	,(1,912,170)	0	L	09/25/2003..
071813-10-9....	BAXTER INT'L.....			,26,000.000	,1,393,340	,53,590	,1,393,340	,264,010	,6,760	,22,620	,0	,(115,960)	,0	,(115,960)	0	L	01/25/1994..
101121-10-1....	BOSTON PROPERTIES INC.....			,8,000.000	,440,000	,55,000	,440,000	,440,000	,5,440	,45,704	,0	,(13,255)	,276,411	,(289,666)	0	L	11/26/2008..
149123-10-1....	CATERPILLAR INC.....			,22,000.000	,982,740	,44,670	,982,740	,908,779	,0	,2,940	,0	,73,961	,0	,73,961	0	L	11/20/2008..
166764-10-0....	CHEVRON CORPORATION.....			,42,650,000	,3,154,821	,73,970	,3,154,821	,908,676	,0	,107,905	,0	,(825,704)	,0	,(825,704)	0	L	09/30/2002..
17275R-10-2....	CISCO SYSTEMS INC.....			,90,000.000	,1,467,000	,16,300	,1,467,000	,1,606,900	,0	,0	,0	,(969,291)	,0	,(969,291)	0	L	12/09/2005..
191216-10-0....	COCA-COLA CO.....			,20,000.000	,905,400	,45,270	,905,400	,360,925	,0	,30,400	,0	,(322,000)	,0	,(322,000)	0	L	05/12/1995..
20825C-10-4....	CONOCOPHILLIPS.....			,47,066,000	,2,438,019	,51,800	,2,438,019	,830,203	,0	,88,484	,0	,(1,717,909)	,0	,(1,717,909)	0	L	09/30/2002..
22002T-10-8....	CORPORATE OFFICE PROPERTIES.....			,8,900,000	,273,230	,30,700	,273,230	,253,047	,3,315	,0	,0	,20,183	,0	,20,183	0	L	11/26/2008..
233331-10-7....	DTT ENERGY COMPANY.....			,60,000.000	,2,140,200	,35,670	,2,140,200	,2,485,954	,31,800	,127,200	,0	,(497,400)	,0	,(497,400)	0	L	11/22/2004..
244199-10-5....	DEERE & COMPANY.....			,63,000.000	,2,414,160	,38,320	,2,414,160	,1,342,478	,17,640	,66,780	,0	,(3,452,400)	,0	,(3,452,400)	0	L	04/28/2005..
254687-10-6....	WALT DISNEY CO.....			,80,000.000	,1,815,200	,22,690	,1,815,200	,1,642,846	,28,000	,28,000	,0	,(767,200)	,0	,(767,200)	0	L	12/09/2005..
25746U-10-9....	DOMINION RESOURCES INC.....			,94,400,000	,3,383,296	,35,840	,3,383,296	,2,650,950	,0	,149,152	,0	,(1,095,984)	,0	,(1,095,984)	0	L	09/02/2005..
25960P-10-9....	DOUGLAS EMMETT INC.....			,29,600.000	,386,576	,13,060	,386,576	,386,576	,5,550	,18,169	,0	,61,571	,340,482	,(278,911)	0	L	06/24/2008..
260543-10-3....	DOW CHEMICAL.....			,20,000.000	,301,800	,15,090	,301,800	,8,400	,33,600	,0	,132,182	,618,782	,(486,600)	0	L	04/13/2007..	
29476L-10-7....	EQUITY RESIDENTIAL.....			,12,900.000	,384,678	,29,820	,384,678	,385,345	,6,224	,0	,0	,(667)	,0	,(667)	0	L	11/26/2008..
30161N-10-1....	EXELON CORP.....			,40,000.000	,2,224,400	,55,610	,2,224,400	,1,224,556	,0	,81,000	,0	,(1,041,200)	,0	,(1,041,200)	0	L	10/13/2004..
30231G-10-2....	EXXON MOBIL CORPORATION.....			,52,170,000	,4,164,731	,79,830	,4,164,731	,491,020	,0	,80,864	,0	,(723,076)	,0	,(723,076)	0	L	04/12/1991..
313747-20-6....	FEDERAL REALTY INV TRUST.....			,7,600,000	,471,808	,62,080	,471,808	,471,808	,4,940	,17,140	,0	,(55,413)	,98,856	,(154,269)	0	L	05/01/2008..
369604-10-3....	GENERAL ELECTRIC.....			,140,000.000	,2,268,000	,16,200	,2,268,000	,1,391,890	,43,400	,130,200	,0	,(2,198,000)	,0	,(2,198,000)	0	L	12/23/2008..
370334-10-4....	GENERAL MILLS.....			,36,000.000	,2,187,000	,60,750	,2,187,000	,1,078,756	,0	,59,400	,0	,135,000	,0	,135,000	0	L	03/04/2005..
372460-10-5....	GENUINE PARTS CO.....			,65,000.000	,2,460,900	,37,860	,2,4										

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY**

**SCHEDULE D - PART 2 - SECTION 2**

Showing all COMMON STOCKS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes		5 Number of Shares	6 Book / Adjusted Carrying Value	Fair Value		9 Actual Cost	Dividends			Change in Book / Adjusted Carrying Value				17 NAIC Market Indicator (a)	18 Date Acquired
		3 Code	4 Foreign			7 Rate per Share Used To Obtain Fair Value	8 Fair Value		10 Declared But Unpaid	11 Amount Received During Year	12 Nonadmitted Declared But Unpaid	13 Unrealized Valuation Increase / (Decrease)	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Change in B./A.C.V. (13 - 14)	16 Total Foreign Exchange Change in B./A.C.V.		
579780-20-6.....	MCCORMICK & CO INC.....			.72,000,000	2,293,920	31.860	2,293,920	1,317,787	17,280	.63,360	0	-(435,600)	0	-(435,600)	0	L	02/14/2003..
580645-10-9.....	MCGRAW HILL COMPANIES.....			30,000,000	695,700	23.190	695,700	1,220,598	0	19,800	0	-(524,898)	0	-(524,898)	0	L	05/06/2008..
590188-10-8.....	MERRILL LYNCH.....			40,000,000	465,600	11.640	465,600	.377,098	0	.56,000	0	-(1,681,600)	0	-(1,681,600)	0	L	12/19/2002..
594918-10-4.....	MICROSOFT CORP.....			34,000,000	660,960	19.440	660,960	.916,360	0	.15,640	0	-(549,440)	0	-(549,440)	0	L	12/30/2005..
655844-10-8.....	NORFOLK SOUTHERN CORP.....			44,000,000	2,070,200	47.050	2,070,200	1,596,942	0	.53,680	0	-(149,160)	0	-(149,160)	0	L	12/09/2005..
713448-10-8.....	PEPSICO INC.....			33,000,000	1,807,410	54.770	1,807,410	1,192,690	14,025	.52,800	0	-(697,290)	0	-(697,290)	0	L	10/18/2002..
717081-10-3.....	PFIZER.....			124,400,000	2,203,124	17.710	2,203,124	1,382,411	0	159,232	0	-(624,488)	0	-(624,488)	0	L	05/17/2007..
737464-10-7.....	POST PROPERTIES INC.....			14,600,000	240,900	16.500	240,900	.229,319	2,920	0	0	11,581	0	11,581	0	L	11/26/2008..
741447-10-8.....	T ROWE PRICE GROUP INC.....			35,000,000	1,240,400	35.440	1,240,400	1,930,345	0	.12,000	0	-(889,945)	0	-(889,945)	0	L	09/25/2008..
742718-10-9.....	PROCTER & GAMBLE.....			46,000,000	2,843,720	61.820	2,843,720	.655,420	0	.71,300	0	-(533,600)	0	-(533,600)	0	L	09/30/2002..
74460D-10-9.....	PUBLIC STORAGE INC.....			.5,622,000	446,949	79,500	446,949	.470,338	0	.15,742	0	.34,238	0	.34,238	0	L	09/01/2006..
78462F-10-3.....	SPDR TRUST SERIES 1.....			.5,400,000	487,296	90,240	487,296	.751,788	3,884	.7,345	0	-(264,492)	0	-(264,492)	0	L	05/09/2008..
806605-10-1.....	SCHERING PLOUGH CORP.....			40,000,000	681,200	17.030	681,200	.736,680	0	.10,400	0	-(384,400)	0	-(384,400)	0	L	04/06/2005..
806857-10-8.....	SCHLUMBERGER LTD.....			.25,000,000	1,058,250	42.330	1,058,250	.1,350,334	5,250	0	0	-(292,084)	0	-(292,084)	0	L	11/20/2008..
808513-10-5.....	SCHWAB (CHARLES) CORP.....			.50,000,000	808,500	16.170	808,500	.978,272	0	.1,800	0	-(169,772)	0	-(169,772)	0	L	11/20/2008..
81369Y-88-6.....	UTILITIES SELECT SECTOR SPDR.....			117,150,000	3,400,865	29.030	3,400,865	4,419,811	0	.84,715	0	-(1,018,946)	0	-(1,018,946)	0	L	09/05/2008..
828806-10-9.....	SIMON PROPERTIES GROUP INC.....			.9,200,000	488,796	.53,130	488,796	.434,689	0	0	0	.54,107	0	.54,107	0	L	11/26/2008..
842567-10-7.....	SOUTHERN CO.....			.53,000,000	1,961,000	.37,000	1,961,000	.1,553,461	0	.88,113	0	-(92,750)	0	-(92,750)	0	L	04/06/2005..
847560-10-9.....	SPECTRA ENERGY CORP.....			104,400,000	1,643,256	15.740	1,643,256	.2,159,936	0	.86,024	0	-(956,348)	0	-(956,348)	0	L	09/25/2008..
87612E-10-6.....	TARGET CORPORATION.....			.55,000,000	1,899,150	34.530	1,899,150	.2,092,890	0	.33,000	0	-(850,850)	0	-(850,850)	0	L	11/15/2007..
876664-10-3.....	TAUBMAN CENTERS INC.....			.11,100,000	282,606	.25,460	282,606	.282,606	4,607	.17,679	0	.107,514	.377,816	.377,816	0	L	05/01/2008..
882508-10-4.....	TEXAS INSTRUMENTS INC.....			.61,000,000	946,720	.15,520	946,720	.1,768,950	0	.25,010	0	-(1,090,680)	0	-(1,090,680)	0	L	01/11/2007..
883203-10-1.....	TEXTRON INC.....			.74,000,000	1,026,380	13.870	1,026,380	.1,090,617	17,020	.68,080	0	-(4,249,820)	0	-(4,249,820)	0	L	03/21/2003..
886423-10-2.....	TIDEWATER INC.....			.50,000,000	2,013,500	.40,270	2,013,500	.1,746,233	0	.45,000	0	-(729,500)	0	-(729,500)	0	L	08/16/2005..
887317-10-5.....	TIME WARNER INC.....			.50,000,000	.503,000	10,060	.503,000	.804,335	0	.6,250	0	-(301,335)	0	-(301,335)	0	L	08/18/2008..
913017-10-9.....	UNITED TECHNOLOGIES CORP.....			.40,000,000	2,144,000	.53,600	2,144,000	.1,768,522	0	.53,800	0	-(917,600)	0	-(917,600)	0	L	07/07/2004..
92276F-10-0.....	VENTAS INC.....			.19,520,000	.655,286	.33,570	.655,286	.655,286	0	.33,559	0	-(16,811)	.112,312	.112,312	0	L	11/26/2008..
929042-10-9.....	VORNADO REALTY TRUST.....			.6,100,000	.368,135	.60,350	.368,135	.368,135	0	.14,435	0	0	.196,528	.196,528	0	L	06/24/2008..
931142-10-3.....	WALMART STORES INC.....			.34,000,000	1,906,040	.56,060	1,906,040	.944,964	.8,075	.31,705	0	.290,020	0	.290,020	0	L	08/23/2006..
962166-10-4.....	WEYERHAEUSER CO.....			.24,500,000	.749,945	.30,610	.749,945	.1,261,096	0	.58,800	0	-(1,056,685)	0	-(1,056,685)	0	L	09/20/2006..
983024-10-0.....	WYETH.....			.50,000,000	.875,500	.37,510	.875,500	.774,409	0	.57,000	0	-(334,000)	0	-(334,000)	0	L	09/30/2002..
055622-10-4.....	BP PLC.....	F		.46,880,000	2,191,171	.46,740	2,191,171	.1,158,924	0	.154,845	0	-(1,239,038)	0	-(1,239,038)	0	L	09/26/2002..
689999 - Total - Common Stock - Industrial, Misc.				122,363,783	XXX	122,363,783	109,753,283	.295,100	3,952,453	0	-(50,065,808)	4,751,532	-(54,817,340)	0	XXX	XXX	
62142F-10-9.....	MT. HAWLEY INSURANCE COMPANY.....			1,000,000	.470,109,432	.470,109,432	.470,109,432	.140,762,174	0	0	0	.15,955,649	0	.15,955,649	0	K	.11/30/1979..
74987@-10-0.....	RLI UNDERWRITING SERVICES.....			9,621,000	.565,273	.58,754	.565,273	.28,238	0	0	0	.280,870	0	.280,870	0	K	11/17/2005..
78639#-10-1.....	SAFE FLEET INSURANCE SERVICES.....			10,000,000	-(22,138)	-(2,214)	-(22,138)	-(2,444)	0	0	0	-(185,016)	0	-(185,016)	0	K	08/29/2000..
90443@-10-4.....	UNDERWRITERS INDEM GENERAL AGENCY.....			1,000,000	.998,707	.998,707	.998,707	.953,705	0	0	0	.3,240	0	.3,240	0	K	06/20/2003..
99C000-16-5.....	RLI LTD.....			24,000,000	.1,096,490	.45,687	.1,096,490	.3,942,063	0	0	0	-(20,932)	0	-(20,932)	0	K	09/30/2002..
699999 - Total - Common Stock - Parent, Subsidiaries, Affiliates				472,747,764	XXX	472,747,764	.145,688,624	0	0	0	16,033,811	0	16,033,811	0	XXX	XXX	
729999 Total - Common Stocks				638,415,697	XXX	638,415,697	.284,578,957	.436,105	.6,203,712	0	-(46,388,701)	.7,538,267	-(53,926,968)	0	XXX	XXX	
739999 Total - Preferred and Common Stocks				639,228,497	XXX	639,228,497	.285,391,757	.436,105	.6,263,712	0	-(46,388,701)	.7,725,467	-(54,114,168)	0	XXX	XXX	

(a) For all common stocks bearing the NAIC market indicator "U" provide: the number of such issues ..... , the total \$ value (included in Column 8) of all such issues \$ .....

## ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY

## SCHEDULE D - PART 3

Showing All Long-Term Bonds and Stocks ACQUIRED During Current Year

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends
3128X5-4B-1..	FEDERAL HOME LOAN MTG CO 6.000 04/22/202..		11/18/2008..	SOUTHWEST SECURITIES..		1,995,000	2,000,000	.9,000
3128X5-4T-2..	FEDERAL HOME LOAN MTG CO 6.000 04/25/202..		12/03/2008..	FTN FINANCIAL..		2,500,000	2,500,000	17,917
3128X5-5K-0..	FEDERAL HOME LOAN MTG CO 6.000 04/30/202..		12/03/2008..	RBC CAPITAL MARKETS..		383,520	384,000	2,176
3128X5-V9-6..	FEDERAL HOME LOAN MTG CO 6.000 03/30/202..		08/12/2008..	FTN FINANCIAL..		3,000,000	3,000,000	66,500
3128X5-VE-5..	FEDERAL HOME LOAN MTG CO 6.000 01/12/202..		12/04/2008..	FTN FINANCIAL..		2,000,000	2,000,000	49,000
3128X6-KE-5..	FEDERAL HOME LOAN MTG CO 6.050 08/22/202..		07/16/2008..	FTN FINANCIAL..		2,000,000	2,000,000	50,081
3128X7-6C-3..	FREDDIE MAC 6.000 12/10/2018..		11/21/2008..	VINING SPARKS..		1,500,000	1,500,000	
31331G-FM-6..	FEDERAL FARM CREDIT BANK 6.000 12/03/201..		11/18/2008..	FTN FINANCIAL..		2,000,000	2,000,000	
3133F2-W3-5..	FREDDIE MAC 6.000 10/15/2022..		10/27/2008..	FTN FINANCIAL..		1,990,000	2,000,000	
31359M-2B-8..	FEDERAL NATL MTG ASSOC 5.625 11/15/2021..		10/28/2008..	VINING SPARKS..		966,370	1,000,000	25,625
3136F3-HF-6..	FANNIE MAE 6.000 04/07/2023..		09/11/2008..	RBC CAPITAL MARKETS..		5,000,000	5,000,000	131,667
3136F6-6X-2..	FEDERAL NATL MORTGAGE ASSOC 5.750 06/08/		03/26/2008..	FTN FINANCIAL..		4,000,000	4,000,000	70,278
3136F7-CC-9..	FEDERAL NATL MTG ASSOC 5.700 06/30/2020..		08/12/2008..	VARIOUS..		5,990,000	6,000,000	18,683
3136F7-KV-8..	FEDERAL NATL MTG ASSOC 5.820 09/29/2020..		08/28/2008..	STIFEL NICOLAS COMPANY..		1,980,420	2,000,000	48,500
3136F7-ME-4..	FEDERAL NATL MTG ASSOC 6.100 11/16/2020..		09/05/2008..	STIFEL NICOLAS COMPANY..		1,000,000	1,000,000	18,978
3136F7-X8-5..	FEDERAL NATL MTG ASSOC 6.300 08/25/2021..		08/20/2008..	FTN FINANCIAL..		2,000,000	2,000,000	61,600
3136F8-5D-3..	FEDERAL NATL MTG ASSOC 5.750 02/27/2023..		12/01/2008..	FTN FINANCIAL..		1,996,250	2,000,000	30,347
3136F8-5Y-7..	FEDERAL NATL MTG ASSOC 6.000 03/03/2023..		12/09/2008..	FTN FINANCIAL..		899,859	900,000	14,550
3136F8-DP-7..	FEDERAL NATL MTG ASSOC 6.250 01/10/2022..		09/10/2008..	VINING SPARKS..		1,000,000	1,000,000	10,590
3136F9-DN-0..	FEDERAL NATL MTG ASSOC 5.000 03/24/2023..		03/31/2008..	FTN FINANCIAL..		1,497,000	1,500,000	1,875
3136F9-J3-8..	FEDERAL NATL MORTGAGE ASSOC 6.100 10/16/		09/24/2008..	FIFTH THIRD SECURITIES INC..		5,000,000	5,000,000	
3136F9-QL-9..	FANNIE MAE 5.750 06/02/2023..		05/22/2008..	STIFEL NICOLAS COMPANY..		3,988,000	4,000,000	
31398A-DX-7..	FEDERAL NATL MTG ASSOC 6.150 06/28/2022..		10/27/2008..	STIFEL NICOLAS COMPANY..		1,990,000	2,000,000	41,000
36202E-UM-9..	GOVT NATL MTG ASSOC 6.000 06/01/2038..		07/18/2008..	J P MORGAN..		1,996,563	2,000,000	7,333
912810-FP-8..	U.S. TREASURY NOTES 5.375 02/15/2031..		01/03/2008..	BARCLAYS AMERICA..		56,910	50,000	1,066
912828-HA-1..	U.S. TREASURY NOTES 4.750 08/15/2017..		06/27/2008..	VARIOUS..		.627,499	.584,000	.7,969
912828-HK-9..	U.S. TREASURY NOTES 3.375 11/30/2012..		01/25/2008..	J P MORGAN..		.255,674	.250,000	1,383
912828-HZ-6..	U.S. TREASURY NOTES 3.875 05/15/2018..		09/22/2008..	VARIOUS..		.473,098	.472,000	.4,251
0399999 - Total - Bonds - U.S. Government						.58,086,163	.58,140,000	.690,369
346820-PG-2..	FORT BEND CNTY TEX WTR CTL & IMPT DIST..		03/27/2008..	MORGAN KEEGAN & CO..		.548,385	.500,000	.535
429335-FA-5..	HIDALGO CNTY TEXAS DRAIN DIST 5.000 09/0..		04/02/2008..	VINING SPARKS..		1,052,660	1,000,000	4,861
677519-AS-9..	STATE OF OHIO HIGHER ED SER A 5.375 08/0..		03/26/2008..	GRIFFIN,KUBIK,STEPHENNS & THOMPSON INC..		.368,197	.350,000	3,135
2499999 - Total - Bonds - Political Subdivisions						1,969,242	1,850,000	.8,531
3128M5-UQ-1..	FEDERAL HOME LOAN MTG CO 5.500 06/01/203..		03/12/2008..	MERRILL LYNCH..		.992,999	.995,956	2,435
3128M5-UY-4..	FEDERAL HOME LOAN MTG CO 5.500 11/01/203..		03/07/2008..	LEHMAN BROTHERS..		2,959,696	2,992,425	5,029
31371N-CK-9..	FEDERAL NATL MORTGAGE ASSOC 6.000 04/01/		06/27/2008..	LEHMAN BROTHERS..		.257,902	.255,033	1,233
31410F-VW-2..	FEDERAL NATL MTG ASSN 5.500 10/01/2036..		07/18/2008..	G X CLARKE & CO..		.91,386	.94,167	.317
31410K-CR-3..	FEDERAL NATL MTG ASSOC 4.943 04/01/2038..		04/02/2008..	BARCLAYS AMERICA..		.89,942	.88,976	.281
31411B-GL-1..	FEDERAL NATL MTG ASSOC 5.500 08/01/2036..		02/25/2008..	G X CLARKE & CO..		.87,225	.88,554	.365
31414K-CK-4..	FEDERAL NATL MTG ASSOC 6.000 01/01/2038..		03/07/2008..	MERRILL LYNCH..		.300,906	.297,651	.546
31415M-Q8-1..	FEDERAL NATL MORTGAGE ASSOC 6.000 05/01/		09/12/2008..	MERRILL LYNCH..		.81,526	.79,659	.212
31415P-YV-4..	FEDERAL NATL MTG ASSOC 5.500 05/01/2038..		09/24/2008..	BANQUE PARIBAS..		.298,315	.297,827	.592
454898-KT-3..	INDIANA MUN POWER AGENCY 5.500 01/01/20..		03/28/2008..	GRIFFIN,KUBIK,STEPHENNS & THOMPSON INC..		.1,861,916	.1,765,000	.26,696
54811B-CF-6..	LOWER COLO RIVER AUTH 5.250 05/15/2022..		03/27/2008..	MORGAN STANLEY & CO..		.1,184,688	.1,140,000	.22,610
3199999 - Total - Bonds - Special Revenue						.8,206,501	.8,095,248	.60,316
209111-ET-6..	CONSOLIDATED EDISON 5.850 04/01/2018..		04/01/2008..	MERRILL LYNCH..		.59,974	.60,000	
341081-EZ-6..	FLORIDA POWER & LIGHT 5.550 11/01/2017..		02/21/2008..	J P MORGAN..		.1,046,310	1,000,000	.20,967
3899999 - Total - Bonds - Public Utilities						1,106,284	1,060,000	.20,967
025816-AY-5..	AMERICAN EXPRESS 7.000 03/19/2018..		03/12/2008..	CITIGROUP..		.722,223	.725,000	
.055482-AJ-2..	BJ SERVICES CO 6.000 06/01/2018..		05/14/2008..	MERRILL LYNCH..		.998,410	1,000,000	
12189T-AW-4..	BURLINGTON NORTHERN SF 4.875 01/15/2015..		11/05/2008..	FTN FINANCIAL..		.62,650	.70,000	.1,090
126650-BH-2..	CVS CORP 5.750 06/01/2017..		04/18/2008..	VARIOUS..		.40,297	.40,000	.907
14912L-3U-3..	CATERPILLAR FINANCIAL SERVICE CORP 5.450..		04/18/2008..	VARIOUS..		.539,175	.540,000	.157
161571-AQ-7..	CHASE ISSUANCE TRUST 4.550 01/15/2011..		07/08/2008..	CREDIT SUISSE FIRST		.75,703	.75,000	.246
17252M-AH-3..	CINTAS CORP NO 2 6.125 12/01/2017..		03/04/2008..	J P MORGAN..		.1,029,688	1,000,000	.15,313
17296T-EU-1..	CITIGROUP INC 6.500 08/19/2013..		09/19/2008..	CITIGROUP..		.113,033	.115,000	.253
20047E-AE-2..	COMMERCIAL MTG PASS THRU CERT 5.306 12/0..		02/29/2008..	LEHMAN BROTHERS..		.108,554	.115,000	.68
22545D-AD-9..	CREDIT SUISSE MORTGAGE CAPITAL 5.827 05/..		02/21/2008..	CREDIT SUISSE FIRST		.122,871	.125,000	.506
24422E-OM-4..	JOHN DEERE CAPITAL CORP 4.950 12/17/2012..		01/04/2008..	J P MORGAN..		.30,663	.30,000	.91
.25746U-BE-8..	DOMINION RESOURCES 6.400 06/15/2018..		06/12/2008..	CITIGROUP..		.749,295	.750,000	

## ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY

## SCHEDULE D - PART 3

Showing All Long-Term Bonds and Stocks ACQUIRED During Current Year

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends
.263534-BV-0..	EI DUPONT NEMOURS 5.875 01/15/2014..		.12/09/2008..	BANK OF AMERICA.....	.995,310		.1,000,000	
.26441Y-AE-7..	DUKE REALTY LP 5.250 01/15/2010..		.06/11/2008..	WACHOVIA BANK OF GEORGIA.....	.1,483,830		.1,500,000	.33,031
.36159J-AN-1..	GE CAPITAL CREDIT CARD TRUST 4.130 06/15..		.01/29/2008..	J P MORGAN.....	.250,352		.250,000	.459
.377372-AD-9..	GLAXOSMITHKLINE CAP INC 5.650 05/15/2018..		.05/06/2008..	CITIGROUP.....	.44,973		.45,000	
.406216-AV-3..	HALLIBURTON CO 5.900 09/15/2018..		.09/11/2008..	VARIOUS.....	.1,560,406		.1,550,000	.196
.438516-AX-4..	HONEYWELL INTL 5.300 03/01/2018..		.04/18/2008..	CITICORP.....	.40,844		.40,000	.312
.443510-AE-2..	HUBBELL INC 5.950 06/01/2018..		.05/28/2008..	J P MORGAN.....	.1,240,450		.1,250,000	
.459200-GN-5..	IBM CORP 6.500 10/15/2013..		.10/14/2008..	VARIOUS.....	.1,061,870		.1,065,000	.23
.46625H-GY-0..	JP MORGAN CHASE & CO 6.000 01/15/2018..		.10/30/2008..	J P MORGAN.....	.59,010		.65,000	.1,181
.46627Q-BA-5..	JP MORGAN CHASE COMM MTG 5.814 05/01/201..		.02/27/2008..	LEHMAN BROTHERS.....	.116,714		.120,000	.39
.46629Y-AC-3..	JP MORGAN CHASE COMM MTG 5.440 01/01/201..		.02/27/2008..	BARCLAYS AMERICA.....	.99,077		.105,000	.32
.49326E-EB-5..	KEYCORP 6.500 05/14/2013..		.11/24/2008..	VARIOUS.....	.31,988		.35,000	.351
.59025K-AE-2..	MERRILL LYNCH MORTGAGE TRUST 5.829 06/01..		.07/14/2008..	GOLDMAN SACHS.....	.194,563		.200,000	.518
.61166W-AF-8..	MONSANTO CO 5.125 04/15/2018..		.04/10/2008..	VARIOUS.....	.1,502,694		.1,500,000	
.61747Y-CE-3..	MORGAN STANLEY 6.000 04/28/2015..		.05/09/2008..	MORGAN STANLEY & CO.....	.1,485,450		.1,500,000	.4,000
.637432-LR-4..	NATIONAL RURAL UTILITIES 10.375 11/01/20..		.11/13/2008..	VARIOUS.....	.1,172,171		.1,065,000	.5,188
.652482-BC-3..	NEWS AMERICA INC 6.550 03/15/2033..		.04/04/2008..	JEFFERIES & CO.....	.50,199		.50,000	.218
.65475F-AF-2..	NISSAN AUTO REC OWNER TRUST 4.280 07/15..		.01/15/2008..	J P MORGAN.....	.99,981		.100,000	
.665772-CD-9..	NORTHERN ST POWER-MINN 5.250 03/01/2018..		.03/26/2008..	BARCLAYS AMERICA.....	.1,011,110		.1,000,000	.1,458
.670346-AG-0..	NUCOR CORP 5.750 12/01/2017..		.03/26/2008..	LEHMAN BROTHERS.....	.1,029,650		.1,000,000	.18,847
.670346-AK-1..	NUCOR CORP 5.850 06/01/2018..		.05/28/2008..	RBC DOMINION.....	.80,090		.80,000	
.694308-GP-6..	PACIFIC GAS & ELECTRIC 6.250 12/01/2013..		.11/14/2008..	VARIOUS.....	.1,489,038		.1,500,000	.43
.70109H-AH-8..	PARKER-HANNIFIN CORP 5.500 05/15/2018..		.05/13/2008..	VARIOUS.....	.1,499,105		.1,500,000	
.713448-BJ-6..	PEPSICO INC 7.900 11/01/2018..		.10/21/2008..	MERRILL LYNCH.....	.9,976		.10,000	
.74254P-YE-6..	PRINCIPAL LIFE INC FDG 5.300 04/24/2013..		.10/16/2008..	DEUTSCHE BANK.....	.59,475		.65,000	.1,694
.74432Q-BE-4..	PRUDENTIAL FINANCIAL INC 5.150 03/30/201..		.01/09/2008..	VARIOUS.....	.1,502,824		.1,500,000	.354
.74456Q-AS-5..	PUBLIC SERVICE ELEC & GAS 5.300 05/01/20..		.04/10/2008..	VARIOUS.....	.1,505,580		.1,500,000	
.842400-FK-4..	SOUTHERN CAL EDISON 5.750 03/15/2014..		.10/07/2008..	J P MORGAN.....	.795,936		.800,000	
.88732J-AK-4..	TIME WARNER CABLE 6.200 07/01/2013..		.06/19/2008..	VARIOUS.....	.75,926		.75,000	.25
.907818-DB-1..	UNION PACIFIC CORP 7.875 01/15/2019..		.10/03/2008..	CREDIT SUISSE FIRST.....	.66,381		.65,000	.14
.913017-BM-0..	UNITED TECH CORP 5.375 12/15/2017..		.04/18/2008..	BARCLAYS AMERICA.....	.40,869		.40,000	.812
.92867B-AD-6..	VOLKSWAGEN AUTO LOAN TRUST 4.500 01/20/2..		.05/01/2008..	CITIGROUP.....	.138,993		.136,000	
.92976V-AC-2..	WACHOVIA BANK COM MORT 5.919 05/01..		.01/10/2008..	WACHOVIA BANK OF GEORGIA.....	.124,645		.120,000	.266
.931142-CL-5..	WALMART STORES INC 4.250 04/15/2013..		.04/08/2008..	VARIOUS.....	.49,981		.50,000	
.90472-AB-1..	PHILIPS ELECTRON PHG 5.750 03/11/2018..	F.	.03/05/2008..	J P MORGAN.....	.1,482,075		.1,500,000	
.902133-AF-4..	TYCO ELECTRONICS GROUP 6.550 10/01/2017..	F.	.05/20/2008..	EXCHANGE OF SECURITIES.....	.1,495,239		.1,500,000	.13,373
.91732B-AA-7..	USIMINAL COMMERCIAL LTD 7.250 01/18/2018..	F.	.01/11/2008..	J P MORGAN.....	.867,361		.875,000	
.92334N-AB-9..	VEOLIA ENVIRONNEMENT 6.000 06/01/2018..	F.	.05/22/2008..	VARIOUS.....	.995,612		.1,000,000	.25
4599999 - Total - Bonds - Industrial, Misc.					.30,399,310		.30,341,000	.101,090
6099997 - Total - Bonds - Part 3					.99,767,500		.99,486,248	.881,273
6099998 - Total - Bonds - Part 5					.19,147,631		.19,129,319	.127,924
6099999 - Total - Bonds					.118,915,131		.118,615,567	.1,009,197
6599998 - Total - Preferred Stocks - Part 5					.3,023,901	XXX		.0
6599999 - Total - Preferred Stocks					.3,023,901	XXX		.0
233293-10-9..	DPL INC.....		.01/17/2008..	BEAR STEARNS & CO.....	.20,000,000	.587,212		
838518-10-8..	SOUTH JERSEY INDUSTRIES.....		.01/17/2008..	BEAR STEARNS & CO.....	.30,000,000	.1,117,854		
6699999 - Total - Common Stocks - Public Utilities						.1,705,066	XXX	.0
.013817-10-1..	ALCOA INC.....		.03/27/2008..	SMITH BARNEY.....	.10,000,000	.363,395		
.031162-10-0..	AMGEN INC.....		.09/25/2008..	BEAR STEARNS & CO.....	.34,000,000	.2,090,923		
.053484-10-1..	AVALONBAY COMMUNITIES INC.....		.05/02/2008..	WEEDEN AND CO LP.....	.1,200,000	.127,991		
.101121-10-1..	BOSTON PROPERTIES INC.....		.11/26/2008..	VARIOUS.....	.3,200,000	.288,978		
.149123-10-1..	CATERPILLAR INC.....		.11/20/2008..	VARIOUS.....	.22,000,000	.908,779		
.220027-10-8..	CORPORATE OFFICE PROPERTIES.....		.11/26/2008..	RAYMOND JAMES.....	.8,900,000	.253,047		
.25960P-10-9..	DOUGLAS EMMETT INC.....		.06/24/2008..	JONES & COMPANY.....	.10,100,000	.224,592		
.29476L-10-7..	EQUITY RESIDENTIAL.....		.11/26/2008..	FREIDMAN BILLINGS RAMSEY.....	.12,900,000	.385,345		
.313747-20-6..	FEDERAL REALTY INV TRUST.....		.05/01/2008..	NEXT GENERATION.....	.1,400,000	.116,747		
.369604-10-3..	GENERAL ELECTRIC.....		.12/23/2008..	BEAR STEARNS & CO.....	.35,000,000	.573,650		
.38141G-10-4..	GOULDMAN SACHS GROUP INC.....		.03/19/2008..	SMITH BARNEY.....	.7,500,000	.1,284,114		
.458140-10-0..	INTEL CORP.....		.03/27/2008..	SMITH BARNEY.....	.15,000,000	.321,750		
.464287-16-8..	ISHARES DJ SELECT DIVIDEND.....		.11/20/2008..	VARIOUS.....	.243,100,000	.12,980,871		

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.464287-20-0.	ISHARES S&P 500 INDEX FUND.		09/05/2008	VARIOUS.	114,320.000	14,749,699		
577081-10-2.	MATTEL INC.		03/04/2008	VARIOUS.	170,000.000	3,404,358		
580645-10-9.	MCGRAW HILL COMPANIES		05/06/2008	SMITH BARNEY	30,000.000	1,220,598		
737464-10-7.	POST PROPERTIES INC.		11/26/2008	FREIDMAN BILLINGS RAMSEY	14,600.000	229,319		
74144T-10-8.	T ROWE PRICE GROUP INC.		09/25/2008	VARIOUS.	35,000.000	1,930,345		
78462F-10-3.	SPDR TRUST SERIES 1.		05/09/2008	UBS SECURITIES	5,400.000	751,788		
806857-10-8.	SCHLUMBERGER LTD.		11/20/2008	VARIOUS.	25,000.000	1,350,334		
808513-10-5.	SCHWAB (CHARLES) CORP		11/20/2008	VARIOUS.	50,000.000	978,272		
81369Y-88-6.	UTILITIES SELECT SECTOR SPDR		09/05/2008	VARIOUS.	117,150.000	4,419,811		
828806-10-9.	SIMON PROPERTIES GROUP INC.		11/26/2008	FREIDMAN BILLINGS RAMSEY	9,200.000	434,689		
847560-10-9.	SPECTRA ENERGY CORP.		09/25/2008	VARIOUS.	57,600.000	1,391,228		
876664-10-3.	TAUBMAN CENTERS INC.		05/01/2008	NEXT GENERATION	900.000	51,170		
887317-10-5.	TIME WARNER INC.		08/18/2008	SMITH BARNEY	50,000.000	804,335		
92276F-10-0.	VENTAS INC.		11/26/2008	BANK OF AMERICA	4,200.000	91,179		
929042-10-9.	VORNADO REALTY TRUST		06/24/2008	VARIOUS.	10,600.000	993,184		
6899999 - Total - Common Stocks - Industrial, Misc.						52,720,491	XXX	.0
7299997 - Total - Common Stocks - Part 3						54,425,557	XXX	.0
7299998 - Total - Common Stocks - Part 5						3,151,296	XXX	.0
7299999 - Total - Common Stocks						57,576,853	XXX	.0
7399999 - Total - Preferred and Common Stocks						60,600,754	XXX	.0
7499999 Totals						.179,515,885	XXX	1,009,197

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY**

**SCHEDULE D - PART 4**

**Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year**

1 CUSIP Identifi- cation	2 Description	3 For- eign	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Total Foreign Exchange Change in B/A. C.V. (11 + 12 - 13)	17 Book/ Adjusted Carrying Value at Disposal Date	18 Foreign Exchange Gain (Loss) on Disposal	19 Realized Gain (Loss) on Disposal	20 Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	21 Maturity Date				
										11 Unrealized Valuation Increase/ Decrease)	12 Current Year (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B/A. C.V. (11 + 12 - 13)	15 Total Foreign Exchange Change in B/A. C.V.											
3128X3-RV-7..	FEDERAL HOME LOAN MTG		01/25/2008	SECURITY CALLED BY ISSUER																		.0	.51,822	07/29/2013	
3128X4-PW-5..	FEDERAL HOME LOAN MTG CO		12/30/2008	SECURITY CALLED BY ISSUER																		.0	.143,333	10/20/2020	
3128X5-AD-0..	FEDERAL HOME LOAN MTG CO		05/23/2008	SECURITY CALLED BY ISSUER																		.0	.57,500	05/23/2011	
3128X5-GZ-5..	FEDERAL HOME LOAN MTG		08/18/2008	SECURITY CALLED BY ISSUER																		.0	.244,000	08/18/2016	
3128X5-JQ-2..	FEDERAL HOME LOAN MTG CO		09/19/2008	SECURITY CALLED BY ISSUER																		.0	.60,000	09/19/2016	
3128X5-LL-0..	FEDERAL HOME LOAN MTG CO		01/17/2008	SECURITY CALLED BY ISSUER																		.0	.75,000	10/17/2016	
3128X6-CR-5..	FEDERAL HOME LOAN MTG CO		06/18/2008	SECURITY CALLED BY ISSUER																		.0	.30,000	06/18/2014	
3128X6-UD-6..	FEDERAL HOME LOAN MTG CO		12/12/2008	SECURITY CALLED BY ISSUER																		.0	.220,000	12/12/2017	
31331S-WA-7..	FEDERAL FARM CREDIT BANK		01/14/2008	SECURITY CALLED BY ISSUER																		.0	.4,713	05/09/2013	
31331V-M9-4..	FEDERAL FARM CREDIT BANK		07/07/2008	SECURITY CALLED BY ISSUER																		.0	.129,000	07/07/2016	
31331V-MU-7..	FEDERAL FARM CREDIT BANK		01/15/2008	SECURITY CALLED BY ISSUER																		.0	.123,089	01/04/2016	
3133M5-RV-4..	FEDERAL HOME LOAN BANK		09/22/2008	MATURITY																		.0	.109,600	09/22/2008	
3133MK-GK-7..	FEDERAL HOME LOAN BANK		11/15/2008	MATURITY																		.0	.209,417	11/15/2008	
3133MR-CM-2..	FEDERAL HOME LOAN BANK		09/25/2008	RBC CAPITAL MARKETS																		.0	.150,364	08/15/2010	
3133X5-BZ-0..	FEDERAL HOME LOAN BANK		04/08/2008	SECURITY CALLED BY ISSUER																	.0	.9,054	.21,250	04/08/2019	
3133XB-NK-7..	FEDERAL HOME LOAN BANK		02/01/2008	SECURITY CALLED BY ISSUER																	.0	.124	.124	.13,413	05/04/2015
3133XC-7L-1..	FEDERAL HOME LOAN BANK		01/07/2008	SECURITY CALLED BY ISSUER																	.0	.0	.25,000	.01/07/2011	
3133XC-YH-0..	FEDERAL HOME LOAN BANK		01/17/2008	SECURITY CALLED BY ISSUER																	.0	.0	.37,956	.09/15/2015	
3133XL-BP-7..	FEDERAL HOME LOAN BANK		12/29/2008	SECURITY CALLED BY ISSUER																	.0	.500	.500	.120,000	12/29/2014
3133XL-DT-7..	FEDERAL HOME LOAN BANK		06/20/2008	SECURITY CALLED BY ISSUER																	.0	.0	.130,000	.06/20/2022	
3133XN-BA-6..	FEDERAL HOME LOAN BANK		11/28/2008	SECURITY CALLED BY ISSUER																	.0	.0	.55,440	.11/28/2017	
31335M-JH-7..	FEDERAL NATL MTG ASSOC		08/12/2008	VARIOUS																	.0	.0	.21,179	.05/15/2011	
31359M-N7-4..	FANNIE MAE		05/12/2008	SECURITY CALLED BY ISSUER																	.0	.0	.121,400	.05/12/2016	
31359M-RK-1..	FEDERAL NATL MORTGAGE ASSOC		11/24/2008	DEUTSCHE BANK																	.0	.0	.11,100	.05/01/2013	
31359M-T9-4..	FEDERAL NATL MTG ASSOC		07/17/2008	SECURITY CALLED BY ISSUER																	.0	.0	.183,750	.07/17/2013	
3136F6-6N-4..	FEDERAL NATL MTG ASSOC		01/24/2008	SECURITY CALLED BY ISSUER																	.0	.787	.787	.8,089	.06/02/2015
3136F6-G5-2..	FEDERAL NATL MORTGAGE ASSOC		01/25/2008	SECURITY CALLED BY ISSUER																	.0	.0	.45,000	.02/25/2015	
3136F6-MW-6..	FEDERAL NATL MORTGAGE ASSOC		01/22/2008	SECURITY CALLED BY ISSUER																	.0	.53	.53	.9,931	.11/17/2014
3136F7-CV-7..	FEDERAL NATL MTG ASSOC		03/31/2008	SECURITY CALLED BY ISSUER																	.0	.0	.55,500	.06/29/2015	
3136F7-DX-2..	FEDERAL NATL MTG ASSOC		01/22/2008	SECURITY CALLED BY ISSUER																	.0	.512	.512	.25,625	.07/20/2012
3136F7-EY-9..	FEDERAL NATL MTG ASSOC		01/28/2008	SECURITY CALLED BY ISSUER																	.0	.5,491	.5,491	.55,000	.07/28/2015
3136F7-X5-1..	FEDERAL NATL MTG ASSOC		08/28/2008	SECURITY CALLED BY ISSUER																	.0	.0	.120,000	.08/28/2016	
3136F8-JA-4..	FEDERAL NATL MTG ASSOC		03/27/2008	SECURITY CALLED BY ISSUER																	.0	.0	.0	.0	
3137EA-AY-5..	FEDERAL HOME LOAN MTG ASSOC		01/15/2008	CITICORP																	.0	.0	.0	.0	
36200M-RK-1..	GOVT NATL MTG ASSOC		12/01/2008	MBS PAYDOWN																	.0	.0	.0	.0	
36202D-YZ-8..	GOVT NATL MTG ASSOC		12/01/2008	MBS PAYDOWN																	.0	.0	.0	.0	
36202E-UN-9..	GOVT NATL MTG ASSOC		12/01/2008	MBS PAYDOWN																	.0	.0	.0	.0	
36207C-GF-9..	GOVT NATL MTG ASSN		12/01/2008	MBS PAYDOWN																	.0	.0	.0	.0	
36210X-YR-2..	GOVT NATL MTG ASSN		12/01/2008	MBS PAYDOWN																	.0	.0	.0	.0	

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**Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year**

1 CUSIP Identification	2 Description	3 Foreign Disposal Date	4 Name of Purchaser	5 Number of Shares of Stock	6 Consideration	7 Par Value	8 Actual Cost	9 Prior Year Book/Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Total Foreign Exchange Change in B/A. C.V. (11 + 12 - 13)	17 Book/ Adjusted Carrying Value at Disposal Date	18 Foreign Exchange Gain (Loss) on Disposal	19 Realized Gain (Loss) on Disposal	20 Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	21 Maturity Date
									11 Unrealized Valuation Increase/ Decrease)	12 Current Year (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B/A. C.V. (11 + 12 - 13)	15 Total Foreign Exchange Change in B/A. C.V.							
880591-DN-9..	TENNESSEE VALLEY AUTH.	09/25/2008	MORGAN STANLEY & CO.	2,913,344	2,800,000	2,797,032	2,798,836	264				264		2,799,099			.114,245	.114,245	.187,250	.01/18/2011..
912810-DF-2..	U.S. TREASURY NOTES	08/15/2008	MORGAN STANLEY & CO. at 100.000	80,000	.80,000	121,430	83,304	(3,304)				(3,304)		.80,000			.0	.9,600	.08/15/2013..	
912810-FT-0..	U.S. TREASURY NOTES	08/12/2008	MORGAN STANLEY & CO.	69,333	.70,000	68,321	68,346	.18				.18		.68,364			.968	.968	.3,133	.02/15/2036..
912827-3X-8..	U.S. TREASURY NOTES	02/15/2008	MATURITY	1,300,000	1,300,000	1,350,578	1,301,150	(1,150)				(1,150)		.35,750			.0	.0	.02/15/2008..	
912827-7B-2..	U.S. TREASURY NOTES	03/07/2008	CITIGROUP	337,487	310,000	323,419	318,634	(213)				(213)		.318,422			.19,065	.19,065	.7,461	.08/15/2011..
912828-CT-5..	U.S. TREASURY NOTES	06/27/2008	VARIOUS	261,362	250,000	249,785	249,325	.44				.44		.249,369			.11,992	.11,992	.9,184	.08/15/2014..
912828-EW-6..	U.S. TREASURY NOTES	11/28/2008	VARIOUS	596,988	547,000	540,812	541,623	.284				.284		.541,906			.55,082	.55,082	.24,741	.02/15/2016..
912828-EX-4..	U.S. TREASURY NOTES	01/30/2008	J P MORGAN	137,896	130,000	129,492	129,573	.9				.9		.129,582			.8,314	.8,314	.2,459	.08/31/2011..
912828-HA-1..	U.S. TREASURY NOTES	11/26/2008	VARIOUS	681,157	625,000	652,169	645,246	(1,108)				(1,108)		.650,798			.30,358	.30,358	.21,047	.08/15/2017..
912828-HG-8..	U.S. TREASURY NOTES	04/10/2008	CITIGROUP	211,267	200,000	203,969	(188)					(188)		.203,780			.7,486	.7,486	.3,315	.10/31/2012..
912828-HK-9..	U.S. TREASURY NOTES	12/01/2008	VARIOUS	166,292	160,000	163,631	(447)					(447)		.163,184			.3,108	.3,108	.4,323	.11/30/2012..
0399999..	Bonds - U.S. Governments			78,727,972	78,327,230	78,495,260	78,004,750	0	(2,946)	0	(2,946)	0	0	78,394,693	0	0	333,276	333,276	3,053,258	XXX
419780-WA-5..	HAWAII STATE	09/23/2008	RBC CAPITAL MARKETS	1,074,410	1,000,000	1,086,830	1,040,299	(6,750)				(6,750)		1,033,549			.40,861	.40,861	.63,403	.02/01/2012..
574192-MM-9..	MARYLAND STATE	07/15/2008	SECURITY CALLED BY ISSUER	4,040,000	4,000,000	3,979,880	3,994,349	1,139				1,139		.3,995,489			.44,511	.44,511	.200,000	.07/15/2010..
594610-VE-4..	MICHIGAN ST ENV PROT PROG.	09/26/2008	RBC CAPITAL MARKETS	2,092,200	2,000,000	1,984,100	1,994,658	1,340				1,340		.1,995,999			.96,201	.96,201	.91,667	.11/01/2010..
604128-AB-1..	MINNESOTA STATE	11/01/2008	MATURITY	1,000,000	1,000,000	1,011,350	1,015,304	(15,304)				(15,304)		.1,000,000			.0	.0	.52,500	.11/01/2008..
646046-JV-5..	NEW JERSEY CERT OF PARTICIPATION	06/15/2008	MATURITY	1,000,000	1,000,000	1,000,031	1,000,500	(31)				(31)		.1,000,000			.0	.0	.22,500	.06/15/2008..
880540-WH-4..	TENNESSEE STATE	09/24/2008	BMO CAPITAL MARKETS	1,345,081	1,360,000	1,345,940	1,345					1,345		.1,357,285			.47,595	.47,595	.73,289	.03/01/2010..
1799999..	Bonds - States, Territories and Possessions			10,611,490	10,360,000	10,497,741	10,400,581	0	(18,261)	0	(18,261)	0	0	10,382,322	0	0	229,168	229,168	503,359	XXX
179090-HX-6..	CLACKAMAS CNTY ORE SCH DIST	09/24/2008	FIFTH THIRD SECURITIES INC	1,065,000	1,000,000	1,040,670	1,016,344	(3,340)				(3,340)		.1,013,004			.51,996	.51,996	.44,493	.06/01/2016..
240091-HS-0..	DAYTON TEX INDPT SCHOOL DIST	04/16/2008	SECURITY CALLED BY ISSUER	195,000	195,000	195,667	195,000	.0				.0		.195,000			.0	.0	.6,853	.02/15/2012..
517138-SR-5..	LARIMER CNTY COLO SCH DIST	11/20/2008	BMO CAPITAL MARKETS	1,133,000	1,000,000	1,165,030	1,112,348	(15,568)				(15,568)		.1,096,780			.36,220	.36,220	.51,944	.12/15/2013..
583886-5C-6..	MECKLENBURG CNTY, NC	02/01/2008	SECURITY CALLED BY ISSUER	1,020,000	1,000,000	962,810	984,389	.225				.225		.984,614			.35,386	.35,386	.22,000	.02/01/2013..
727193-3U-6..	PLANO TEXAS INDPT SCH DIST	02/15/2008	SECURITY CALLED BY ISSUER	1,000,000	1,000,000	967,780	999,507	.493				.493		.1,000,000			.0	.0	.23,125	.02/15/2008..
2499999..	Bonds - Political Subdivisions			4,413,000	4,195,000	4,331,957	4,307,588	0	(18,190)	0	(18,190)	0	0	4,289,398	0	0	123,602	123,602	148,415	XXX
040580-EB-4..	ARIZONA SCH FACS BRD REV	09/24/2008	BMO CAPITAL MARKETS	1,115,060	1,000,000	1,146,610	1,102,256	(10,454)				(10,454)		.1,091,802			.23,258	.23,258	.71,556	.07/01/2015..
052476-JT-6..	AUSTIN TEX WTR & WASTEWATER	11/20/2008	RBC CAPITAL MARKETS	1,080,073	995,000	1,062,520	1,038,244	(10,929)				(10,929)		.1,027,315			.52,757	.52,757	.58,802	.05/15/2011..
196454-EA-6..	COLORADO DEPT TRANS REV	11/25/2008	UBS SECURITIES	1,091,330	1,000,000	1,128,560	1,071,778	(10,998)				(10,998)		.1,060,780			.30,550	.30,550	.52,861	.06/15/2013..
19679H-BE-1..	COLORADO WTR RES & PWR DEV	11/21/2008	UBS SECURITIES	1,107,600	1,000,000	1,112,140	1,070,694	(8,512)				(8,512)		.1,062,183			.45,417	.45,417	.64,896	.09/01/2014..
206256-HE-2..	CONCORD INDIANA CNMITY SCHS	01/02/2008	SECURITY CALLED BY ISSUER	1,015,000	1,000,000	995,540	999,045	.1				.1		.999,047			.15,953	.15,953	.23,500	.01/01/2010..
233455-F4-1..	DADE CNTY FLA AVIATION REV	01/21/2008	SECURITY CALLED BY ISSUER	507,500	500,000	505,750	501,083	(33)				(33)		.501,050			.6,450	.6,450	.6,450	.10/01/2012..
276731-XK-7..	EASTERN MICH UNIV REV	11/19/2008	RBC CAPITAL MARKETS	770,630	700,000	746,659	736,281	(5,492)				(5,492)		.730,790			.39,840	.39,840	.34,319	.06/01/2013..
31287N-F4-5..	FEDERAL HOME LOAN MTG CORP	12/01/2008	MBS PAYDOWN	22,562	22,562	22,428	22,550	.13				.13		.22,562			.0	.0	.0	.09/01/2030..
3128GH-S8-5..	FEDERAL HOME LOAN MTG CORP	12/01/2008	MBS PAYDOWN	168	168	169	168							.168			.0	.0	.0	.09/01/2015..
3128GW-SY-5..	FEDERAL HOME LOAN MTG CORP	12/01/2008	MBS PAYDOWN	87,486	87,486	90,767	87,720	(234)				(234)		.87,486			.0	.0	.2,308	.03/01/2017..
3128K4-L2-9..	FEDERAL HOME LOAN MTG CO	12/01/2008	MBS PAYDOWN	429,052	429,052	438,270	430,972	(1,919)				(1,919)		.429,052			.0	.0	.8,831	.10/01/2035..
3128K4-RY-3..	FEDERAL HOME LOAN MTG CO	12/01/2008	MBS PAYDOWN	307,501	307,501	314,107	307,264	.237				.237		.307,501			.0	.0	.7,455	.09/01/2035..
3128KM-MD-4..	FEDERAL HOME LOAN MTG CO	12/01/2008	MBS PAYDOWN	245,334	245,334	243,848	245,259	.74				.74		.245,334			.0	.0	.7,510	.12/01/2036..
3128KM-Y3-3..	FEDERAL HOME LOAN MTG CO	12/01/2008	MBS PAYDOWN	163,214	163,214	162,449	163,173	.41				.41		.163,214			.0	.0	.4,624	.12/01/2036..
3128KR-AU-8..	FEDERAL HOME LOAN MTG CO	12/29/2008	VARIOUS	2,247,204	2,193,474	2,121,158	1,841,415	(18,415)				(18,415)		.2,140,396			.106,808	.106,808	.119,722	.01/01/2037..
3128LX-LE-8..	FEDERAL HOME LOAN MTG CO	12/01/2008	MBS PAYDOWN	526,886	526,886	528,944	527,450	(565)				(565)		.526,886			.0	.0	.15,445	.07/01/2035..
3128M1-JE-0..	FEDERAL HOME LOAN MTG CORP	08/12/2008	VARIOUS	198,443	198,443															

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31371M-GG-6..	FEDERAL NATL MORTGAGE ASSOC.....		08/12/2008	VARIOUS.....	.250,657	.257,175	.257,456	.257,304	(16)				(16)	.257,288		(6,631)	(6,631)	.9,608	.06/01/2035	
31371M-J4-0..	FEDERAL NATL MORTGAGE ASSOC.....		12/01/2008	MBS PAYDOWN.....	.22,756	.22,756	.22,717	.22,752	4				4	.22,756		0	0	.606	.06/01/2015	
31371N-CK-9..	FEDERAL NATL MORTGAGE ASSOC.....		12/01/2008	MBS PAYDOWN.....	.12,338	.12,338	.12,477	.12,338	(3)				(3)	.12,338		0	0	.205	.04/01/2037	
31384V-NS-7..	FEDERAL NATL MTG ASSN.....		12/01/2008	MBS PAYDOWN.....	.3,585	.3,585	.3,443	.3,568	.17				.17	.3,585		0	0	.121	.08/01/2012	
31384W-HN-3..	FEDERAL NATL MTG ASSOC.....		12/01/2008	MBS PAYDOWN.....	.29,780	.29,780	.28,826	.29,667	.113				.113	.29,780		0	0	.903	.10/01/2029	
31385C-YK-3..	FEDERAL NATL MTG ASSOC.....		12/01/2008	MBS PAYDOWN.....	.10,245	.10,245	.10,086	.10,238	.7				.7	.10,245		0	0	.383	.02/01/2030	
31385J-JC-3..	FEDERAL NATL MTG ASSOC.....		12/01/2008	MBS PAYDOWN.....	.99,882	.99,882	.103,846	.100,344	(462)				(462)	.99,882		0	0	.3,171	.03/01/2031	
31385J-QT-8..	FEDERAL NATL MTG ASSOC.....		12/01/2008	MBS PAYDOWN.....	.133,791	.133,791	.135,296	.133,912	(121)				(121)	.133,791		0	0	.3,489	.02/01/2017	
31385J-RT-7..	FEDERAL NATL MTG ASSOC.....		12/01/2008	MBS PAYDOWN.....	.112,684	.112,684	.116,065	.112,940	(255)				(255)	.112,684		0	0	.3,306	.03/01/2031	
31386T-FM-2..	FEDERAL NATL MTG ASSOC.....		12/01/2008	MBS PAYDOWN.....	.23,333	.23,333	.22,633	.23,272	.61				.61	.23,333		0	0	.697	.03/01/2030	
31387C-KY-2..	FEDERAL NATL MTG ASSOC.....		12/01/2008	MBS PAYDOWN.....	.14,122	.14,122	.13,904	.14,122	.1				.1	.14,122		0	0	.238	.05/01/2031	
31387F-FE-9..	FEDERAL NATL MTG ASSOC.....		12/01/2008	MBS PAYDOWN.....	.9,124	.9,124	.8,983	.9,124	.2				.2	.9,124		0	0	.96	.01/01/2030	
31387W-26-1..	FEDERAL NATL MTG ASSOC.....		12/01/2008	MBS PAYDOWN.....	.45,761	.45,761	.44,753	.45,609	.152				.152	.45,761		0	0	.1,884	.12/01/2028	
31391H-AL-8..	FEDERAL NATL MTG ASSOC.....		12/01/2008	MBS PAYDOWN.....	.50,111	.50,111	.50,268	.50,130	(19)				(19)	.50,111		0	0	.1,239	.03/01/2017	
31391N-60-9..	FEDERAL NATL MTG ASSOC.....		12/01/2008	MBS PAYDOWN.....	.135,912	.135,912	.137,728	.136,121	(209)				(209)	.135,912		0	0	.3,301	.02/01/2017	
31392B-NQ-5..	FNR 2001-81 PE.....		12/01/2008	MBS PAYDOWN.....	.179,596	.179,596	.178,530	.179,029	.567				.567	.179,596		0	0	.5,259	.01/01/2009	
31392C-WD-2..	FNR 2002-16.....		12/01/2008	MBS PAYDOWN.....	.102,795	.102,795	.102,201	.102,448	.347				.347	.102,795		0	0	.3,266	.01/01/2009	
31394F-KF-1..	FEDERAL NATL MTG ASSOC.....		12/01/2008	MBS PAYDOWN.....	.33,050	.33,050	.33,180	.33,063	(13)				(13)	.33,050		0	0	.829	.06/01/2010	
31401H-XC-1..	FEDERAL NATL MTG ASSOC.....		12/01/2008	MBS PAYDOWN.....	.131,684	.131,684	.135,264	.131,854	(171)				(171)	.131,684		0	0	.3,055	.07/01/2032	
31401K-HT-5..	FEDERAL NATL MTG ASSOC.....		12/01/2008	MBS PAYDOWN.....	.122,968	.122,968	.126,311	.123,227	(259)				(259)	.122,968		0	0	.3,243	.07/01/2032	
31401X-TW-7..	FEDERAL NATL MORTGAGE ASSOC.....		12/01/2008	MBS PAYDOWN.....	.7,135	.7,135	.7,324	.7,147	(12)				(12)	.7,135		0	0	.213	.02/01/2018	
31402K-A4-6..	FEDERAL NATL MTG ASSOC.....		12/01/2008	MBS PAYDOWN.....	.86,547	.86,547	.86,276	.86,538	.9				.9	.86,547		0	0	.1,940	.12/01/2032	
31403C-GL-0..	FEDERAL NATL MTG ASSOC.....		12/01/2008	MBS PAYDOWN.....	.14,078	.14,078	.14,537	.14,042	.36				.36	.14,078		0	0	.356	.06/01/2035	
31403D-DX-4..	FEDERAL NATL MTG ASSOC.....		12/01/2008	MBS PAYDOWN.....	.216,016	.216,016	.214,126	.215,837	.179				.179	.216,016		0	0	.5,716	.11/01/2035	
31403J-JF-7..	FEDERAL NATL MORTGAGE ASSOC.....		12/01/2008	MBS PAYDOWN.....	.289,247	.289,247	.289,247	.289,247	.0				.0	.289,247		0	0	.6,052	.08/01/2018	
31404M-2D-9..	FEDERAL NATL MTG ASSOC.....		12/29/2008	VARIOUS.....	1,813,398	1,772,254	1,750,378	1,752,265	.1,784				.1,784	1,754,049		.59,349	.59,349	.95,532	.03/01/2033	
31404V-FC-7..	FEDERAL NATL MORTGAGE ASSOC.....		12/01/2008	MBS PAYDOWN.....	.288,278	.288,278	.292,647	.288,809	(531)				(531)	.288,278		0	0	.7,425	.12/01/2033	
31404Y-06-0..	FEDERAL NATL MTG ASSOC.....		12/01/2008	MBS PAYDOWN.....	.6,130	.6,130	.6,191	.6,132	(2)				(2)	.6,130		0	0	.254	.04/01/2034	
31405C-GN-4..	FEDERAL NATL MORTGAGE ASSOC.....		12/01/2008	MBS PAYDOWN.....	.330,936	.330,936	.342,518	.331,876	(941)				(941)	.330,936		0	0	.9,434	.03/01/2019	
31405M-3P-0..	FEDERAL NATL MTG ASSOC.....		12/01/2008	MBS PAYDOWN.....	.21,655	.21,655	.21,495	.21,649	.6				.6	.21,655		0	0	.623	.10/01/2033	
31406N-FZ-2..	FEDERAL NATL MORTGAGE ASSOC.....		11/24/2008	VARIOUS.....	.266,888	.269,727	.264,332	.264,857	.854				.854	.265,712		0	0	.1,176	.12/01/2034	
31407E-JW-4..	FEDERAL NATL MTG ASSOC.....		10/25/2008	VARIOUS.....	.275,264	.274,909	.273,362	.273,377	.128				.128	.273,505		.1,176	.1,176	.1,759	.12/01/2035	
31407J-HM-7..	FEDERAL NATL MTG ASSOC.....		02/25/2008	VARIOUS.....	.229,395	.224,252	.222,675	.222,698	.68				.68	.222,766		.6,629	.6,629	.2,593	.08/01/2036	
31407J-RT-1..	FEDERAL NATL MTG ASSOC.....		12/29/2008	VARIOUS.....	2,390,291	2,341,051	2,269,722	2,271,513	.7,807				.7,807	2,279,320		.110,971	.110,971	.115,459	.01/01/2035	
31407Y-BK-4..	FEDERAL NATL MTG ASSOC.....		12/01/2008	MBS PAYDOWN.....	.28,712	.28,712	.28,478	.28,699	.13				.13	.28,712		0	0	.707	.09/01/2035	
31408G-SK-4..	FEDERAL NATL MTG ASSOC.....		12/01/2008	MBS PAYDOWN.....	.225,593	.225,593	.226,210	.225,507	.86				.86	.225,593		0	0	.7,270	.11/01/2035	
31408H-AU-6..	FEDERAL NATL MTG ASSOC.....		10/25/2008	VARIOUS.....	.422,637	.422,064	.415,865	.416,156	.260				.260	.416,416		.6,221	.6,221	.19,892	.11/01/2035	
31409A-AP-1..	FEDERAL NATL MTG ASSOC.....		12/01/2008	MBS PAYDOWN.....	.10,994	.10,994	.11,100	.11,002	(9)				(9)	.10,994		0	0	.314	.12/01/2035	
31409B-E6-0..	FEDERAL NATL MORTGAGE ASSOC.....		12/01/2008	MBS PAYDOWN.....	.217,895	.217,895	.219,308	.217,936	(41)				(41)	.217,895		0	0	.5,849	.09/01/2035	
31410B-FZ-2..	FEDERAL NATL MTG ASSOC.....		12/29/2008	VARIOUS.....	.722,252	.705,881	.696,947	.697,081	.983				.983	.698,064		.24,188	.24,188	.38,224	.12/01/2035	
31410E-SU-8..	FEDERAL NATL MTG ASSOC.....		12/01/2008	MBS PAYDOWN.....	.58,808	.58,808	.60,030	.58,961	(153)				(153)	.58,808		0	0	.1,876	.06/01/2036	
31410F-VW-2..	FEDERAL NATL MTG ASSN.....		12/01/2008	MBS PAYDOWN.....	.3,178	.3,178	.3,084	.3,178	.2				.2	.3,178		0	0	.44	.10/01/2036	
31411G-ME-0..	FEDERAL NATL MTG ASSOC.....		12/01/2008	MBS PAYDOWN.....	.11,235	.11,235	.11,349	.11,243	(7)				(7)	.11,235		0	0	.317	.09/01/2037	
31410K-CR-3..	FEDERAL NATL MTG ASSOC.....		12/01/2008	MBS PAYDOWN.....	.5,860	.5,860	.5,860	.5,924	(2)				(2)	.5,860		0	0	.104	.04/01/2038	
31410P-P2-3..	FEDERAL NATL MTG ASSOC.....		12/01/2008	MBS PAYDOWN.....	.57,487	.57,487	.58,028	.57,547	(60)				(60)	.57,487		0	0	.1,388	.09/01/2036	
31410U-FE-7..	FEDERAL NATL MTG ASSOC.....		12/01/2008	MBS PAYDOWN.....	.37,331	.37,331	.37,588	.37,350	(18)				(18)	.37,331		0	0	.1,069	.02/01/2037	
31411B-GL-1..	FEDERAL NATL MTG ASSOC.....		12/01/2008	MBS PAYDOWN.....	.12,597	.12,597	.12,408	.12,597	.10				.10	.12,597		0	0	.162	.08/01/2036	
31411B-GU-1..	FEDERAL NATL MTG ASSOC.....		12/01/2008	MBS PAYDOWN.....	.405,663	.405,663	.407,818	.405,951	(288)				(288)	.405,663		0	0	.11,036	.09/01/2036	
31411B-JC-8..	FEDERAL NATL MTG ASSOC.....		12/29/2008	VARIOUS.....	1,385,541	1,356,231	1,340,868	1,341,57												

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY**

**SCHEDULE D - PART 4**

**Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year**

1 CUSIP Identification	2 Description	3 Foreign	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/Adjusted Carrying Value	11 Unrealized Valuation Increase/(Decrease)	12 Current Year (Amortization)/Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B/A. C.V. (11 + 12 - 13)	15 Total Foreign Exchange Change in B/A. C.V.	16 Book/Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/Stock Dividends Received During Year	21 Maturity Date	
45189F-DK-7...	ILLINOIS DEV FIN AUTH REV		01/01/2008	MATURITY	.915,000	.915,000	.915,000	.915,000	.915,000	.0	.0	.0	.0	.915,000	.0	.0	.0	.0	24,019	01/01/2008	
485424-KD-6...	KANSAS ST DEPT TRANS HWY REV		09/01/2008	MATURITY	.200,000	.200,000	.219,497	.203,020	.203,020	.0	(3,020)	.0	.0	.200,000	.0	.0	.0	.0	11,000	09/01/2008	
485424-KE-4...	KANSAS ST DEPT TRANS HWY REV		09/01/2008	MATURITY	.800,000	.800,000	.877,989	.812,080	.812,080	.0	(12,080)	.0	.0	.800,000	.0	.0	.0	.0	44,000	09/01/2008	
491513-4F-1...	KENTUCKY ST PPTY & BLDG COMM REV		11/20/2008	BMO CAPITAL MARKETS	1,062,420	1,000,000	1,140,610	1,051,001	1,140,610	.0	(16,699)	.0	.0	1,034,301	.0	.0	.0	.0	67,833	09/01/2010	
49151E-FT-5...	KENTUCKY ST PPTY & BLDGS		11/21/2008	UBS SECURITIES	1,061,810	1,000,000	1,094,060	1,040,012	1,094,060	.0	(9,070)	.0	.0	1,030,941	.0	.0	.0	.0	61,962	10/01/2011	
491552-LF-0...	KENTUCKY ST TPK AUTH		11/20/2008	BMO CAPITAL MARKETS	1,097,860	1,000,000	1,088,640	1,046,756	1,088,640	.0	(6,892)	.0	.0	1,039,864	.0	.0	.0	.0	57,996	07/01/2013	
574204-PX-5...	MARYLAND STATE DEPT TRANS		12/10/2008	BMO CAPITAL MARKETS	1,617,465	1,500,000	1,653,000	1,591,765	1,653,000	.0	(13,355)	.0	.0	1,578,409	.0	.0	.0	.0	39,056	12/15/2013	
576049-YQ-7...	MASSACHUSETTS ST WTR RES		09/24/2008	BMO CAPITAL MARKETS	1,074,660	1,000,000	1,119,290	1,062,198	1,119,290	.0	(9,401)	.0	.0	1,052,798	.0	.0	.0	.0	60,958	08/01/2012	
594519-QR-4...	MICHIGAN HIGHER ED		05/01/2008	MATURITY	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	.0	.0	.0	.0	1,000,000	.0	.0	.0	.0	24,000	05/01/2008	
736742-GT-8...	PORLTND OREGON SWR SYS REV		06/02/2008	SECURITY CALLED BY ISSUER at 100.000	.5,940,000	.5,940,000	.6,012,409	.5,944,226	.6,012,409	.0	(4,226)	.0	.0	.5,940,000	.0	.0	.0	.0	152,213	06/01/2009	
745232-PF-9...	PUERTO RICO PUB BLDG AUTH HEALTH FAC		07/01/2008	MATURITY	.525,000	.525,000	.525,000	.525,000	.525,000	.0	.0	.0	.0	.525,000	.0	.0	.0	.0	29,400	07/01/2008	
759911-LS-7...	REGIONAL TRANSN AUTH IL		06/01/2008	MATURITY	1,000,000	1,000,000	1,136,670	1,011,531	1,136,670	.0	(11,531)	.0	.0	1,000,000	.0	.0	.0	.0	27,500	06/01/2008	
791638-UL-1...	ST LOUIS MO ARPT REVENUE		01/01/2008	PRIOR YEAR INCOME	SECURITY CALLED BY ISSUER at 101.000	.2,020,000	.2,000,000	.1,980,440	.1,990,825	.2,020,000	.0	1,304	.0	.0	.1,992,129	.0	.0	.0	.0	27,871	10/01/2012
837152-AP-2...	SC TRANSN INFRASTRUCTURE		10/01/2008	RBC CAPITAL MARKETS	1,126,300	1,000,000	1,091,970	1,073,284	1,091,970	.0	(8,877)	.0	.0	1,064,406	.0	.0	.0	.0	61,894	08/15/2015	
915137-WV-1...	UNIVERSITY OF TEXAS REVENUE		11/20/2008	BMO CAPITAL MARKETS	1,732,470	1,700,000	1,669,995	1,693,954	1,700,000	.0	2,948	.0	.0	1,696,902	.0	.0	.0	.0	35,568	105,778	
3199999 - Bonds - Special Revenues					53,947,939	52,537,796	53,712,286	52,659,665	52,659,665	0	(87,074)	0	0	52,807,645	0	0	1,140,292	1,140,292	2,383,577	XXX	
845335-BU-0...	SOUTHWESTERN BELL TEL CO		08/12/2008	JEFFERIES & CO	.156,495	.150,000	.164,990	.162,374	.164,990	.0	(844)	.0	.0	.161,531	.0	.0	.0	.0	.0	.0	
923446-AT-3...	VERIZON GLOBAL FDG CORP		11/24/2008	SOUTHWEST SECURITIES	.48,875	.50,000	.56,646	.54,476	.56,646	.0	(790)	.0	.0	.53,666	.0	.0	.0	.0	.0	.0	
3899999 - Bonds - Public Utilities					205,370	200,000	221,636	216,850	221,636	0	(1,634)	0	0	215,217	0	0	(9,847)	(9,847)	16,362	XXX	
002824-AS-9...	ABBOTT LABORATORIES		08/12/2008	JEFFERIES & CO	104,367	100,000	100,141	100,100	100,141	.0	(17)	.0	.0	100,083	.0	.0	.0	.0	.0	.0	
025816-AX-7...	AMERICAN EXPRESS		11/24/2008	VARIOUS	142,557	150,000	149,613	149,623	149,613	.0	12	.0	.0	149,635	.0	.0	.0	.0	.0	.0	
032511-AY-3...	ANADARKO PETROLEUM		01/03/2008	GOLDMAN SACHS	.51,321	.50,000	.51,146	.51,138	.51,321	.0	.0	.0	.0	.51,137	.0	.0	.0	.0	.0	.0	
05568B-AA-6...	BURLINGTON NORTHERN SF		07/15/2008	SINKING FUND REDEMPTION	113,034	113,034	112,888	112,883	112,888	.0	151	.0	.0	113,034	.0	.0	.0	.0	.0	.0	
07262N-AC-1...	BAY VIEW AUTO TRUST		10/25/2008	MBS PAYDOWN	.84,154	.84,146	.84,152	.84,154	.84,152	.0	2	.0	.0	.84,154	.0	.0	.0	.0	.0	.0	
073902-PR-3...	BEAR STEARNS CO INC		02/12/2008	VARIOUS	.71,261	.75,000	.74,873	.74,876	.74,873	.0	1	.0	.0	.74,876	.0	.0	.0	.0	.0	.0	
097014-AD-6...	BOEING CAPITAL CORP		11/24/2008	J P MORGAN	.50,292	.50,000	.53,528	.52,001	.53,528	.0	(544)	.0	.0	.51,457	.0	.0	.0	.0	.0	.0	
125581-CS-5...	CIT GROUP INC		09/18/2008	VARIOUS	.72,575	.110,000	.110,024	.110,022	.110,024	.0	(1)	.0	.0	.110,021	.0	.0	.0	.0	.0	.0	
126408-GJ-6...	CX CORP		08/18/2008	DAIN RAUSCHER	.684,120	.750,000	.748,628	.748,708	.748,628	.0	69	.0	.0	.748,777	.0	.0	.0	.0	.0	.0	
152314-HM-5...	CENTEX HOME EQUITY		05/01/2008	MBS PAYDOWN	.29,170	.29,164	.29,164	.29,164	.29,164	.0	.0	.0	.0	.29,170	.0	.0	.0	.0	.0	.0	
161546-GJ-9...	CHASE FUNDING MTG LOAN		12/01/2008	MBS PAYDOWN	.460,014	.460,014	.460,013	.460,013	.460,013	.0	.0	.0	.0	.460,014	.0	.0	.0	.0	.0	.0	
16165T-AJ-2...	CHASEFLEX TRUST		06/18/2008	VARIOUS	.57,915	.64,107	.65,319	.65,139	.65,319	.0	(66)	.0	.0	.65,074	.0	.0	.0	.0	.0	.0	
17275R-AB-8...	CISCO SYSTEMS INC		11/24/2008	J P MORGAN	.75,756	.75,000	.74,857	.74,906	.74,857	.0	26	.0	.0	.74,931	.0	.0	.0	.0	.0	.0	
172967-EU-1...	CITIGROUP INC		11/24/2008	J P MORGAN	.46,968	.50,000	.49,971	.49,971	.49,971	.0	1	.0	.0	.49,972	.0	.0	.0	.0	.0	.0	
20030N-AV-3...	COMCAST CORP		08/12/2008	WALL STREET ACCESS	.19,528	.20,000	.19,958	.19,958	.19,958	.0	.0	.0	.0	.19,958	.0	.0	.0	.0	.0	.0	
20173M-AG-5...	GREENWICH CAPITAL COMM FUNDING		07/09/2008	LEHMAN BROTHERS	.142,195	.150,000	.157,342	.157,200	.157,342	.0	(98)	.0	.0	.157,102	.0	.0	.0	.0	.0	.0	
225434-AG-4...	CREDIT SUISSE USA INC		08/19/2008	BANK OF AMERICA	1,932,520	2,000,000	1,970,760	1,974,947	1,970,760	.0	1,584	.0	.0	1,976,531	.0	.0	.0	.0	.0	.0	
244243-BN-0...	JOHN DEERE OWNER TRUST		12/15/2008	MBS PAYDOWN	.735,209	.735,209	.717,805	.729,989	.717,805	.0	5,219	.0	.0	.735,209	.0	.0	.0	.0	.0	.0	
25755T-AA-8...	DOMINOS PIZZA MASTER ISSUER		12/23/2008	J P MORGAN	.600,000	1,500,000	1,499,942	1,499,955	1,499,942	.0	15	.0	.0	1,499,970	.0	.0	.0	.0	.0	.0	
26439P-DW-3...	DUKE ENERGY CORP		08/21/2008	BANK OF AMERICA	1,055,400	1,000,000	955,980	.977,768	955,980	.0	3,199	.0	.0	.980,967	.0	.0	.0	.0	.0	.0	
26884A-AX-8...	EROP OPERATING LP		02/01/2008	WACHOVIA BANK OF GEORGIA	.46,720	.50,000	.49,665	.49,684	.49,665	.0	3	.0	.0	.49,687	.0	.0	.0	.0	.0	.0	
36228F-BB-8...	GSAA HOME EQUITY TRUST		04/01/2008	VARIOUS	.1,921	.1,921	.1,921	.1,921	.1,921	.0	.0	.0	.0	.1,921	.0	.0	.0	.0	.0	.0	
38141G-FD-1...	GOLDMAN SACHS GROUP		08/12/2008	J P MORGAN	.22,509	.25,000	.24,494	.24,495	.24,494	.0	6	.0	.0	.24,501	.0	.0	.0	.0	.0	.0	
396789-EU-8...	GREENWICH CAPITAL COM FUNDING		12/01/2008	MBS PAYDOWN	.45,700	.45,700	.45,928	.45,740	.45,928	.0	(40)	.0	.0	.45,700	.0	.0	.0	.0	.0	.0	
40429C-FN-7...	HSLB FINANCE CORP		10/24/2008	VARIOUS	.179,088	.200,000	.199,574	.199,640	.199,574	.0	26	.0	.0	.199,666	.0	.0	.0	.0	.0	.0	
437076-AS-1...	HOMECOPEP INC		08/12/2008	FTN FINANCIAL	.19,179	.25,000	.21,468	.21,486	.21,468	.0	24	.0	.0	.21,510	.0	.0	.0	.0	.0	.0	
46625H-GN-4...	JP MORGAN CHASE & CO		09/08/2008	VARIOUS	.81,138	.80,000	.81,930	.81,924	.81,930	.0</											

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY**

**SCHEDULE D - PART 4**

**Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year**

1 CUSIP Identifi- cation	2 Description	3 For- eign	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/Adjusted Carrying Value	11 Unrealized Valuation Increase/ (Decrease)	12 Current Year (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B/A. C.V. (11 + 12 - 13)	15 Total Foreign Exchange Change in B/A. C.V.	16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/Stock Dividends Received During Year	21 Maturity Date										
760985-45-7	RESIDENTIAL ASSET MTG PRODUCTS.....		06/23/2008	BANK OF AMERICA, SECURITY CALLED BY ISSUER at .100,000.....	2,476,875	3,000,000	2,999,687	2,999,687					0		2,999,687		(522,812)	(522,812)	.91,394	08/01/2010..										
76110V-NT-1	RESIDENTIAL FUNDING MTG SEC.....		01/25/2008	SLM CORP.....	17,225	17,225	17,225	17,225					0		17,225		0	0	.45	02/01/2008..										
78442F-AG-3	SCHERING-PLOUGH CORP.....		05/22/2008	J P MORGAN.....	52,950	.60,000	.61,945	.61,165		(84)		(84)			.61,081	(8,131)	(8,131)	(8,131)	.2,804	01/15/2013..										
806605-AJ-0	TARGET CORP.....		08/19/2008	C S FIRST BOSTON.....	740,393	.750,000	.746,333	.746,409		177		177			.746,588	(6,194)	(6,194)	(6,194)	.41,875	09/15/2017..										
87612E-AH-9	TRIAD AUTO RECEIVABLES TRUST.....		12/12/2008	MBS PAYDOWN.....	88,427	.85,000	.86,755	.86,636		(108)		(108)			.86,528	1,899	1,899	1,899	.3,179	03/01/2012..										
89578S-AN-3	WFS FINANCIAL OWNER TRUST.....		10/17/2008	FTN FINANCIAL.....	22,981	.25,000	.24,303	.24,320		.37		.37			.80,343				.2,466	11/12/2010..										
91324P-AP-5	UNITEDHEALTH GROUP.....		07/16/2008	WFS FINANCIAL OWNER TRUST.....	159,375	.159,375	.158,696	.159,160		139		139			.159,299	(1,376)	(1,376)	(1,376)	.1,142	03/15/2016..										
92925T-AD-5	WFS FINANCIAL OWNER TRUST.....		12/17/2008	MBS PAYDOWN.....	215,023	.215,023	.215,093	.215,023		(9)		(9)			.215,023	.76	.76	.76	.4,002	12/17/2009..										
929766-WH-2	WACHOVIA BANK COMM MTG TRUST.....		12/01/2008	MBS PAYDOWN.....	28,390	.28,390	.28,389	.28,390		0		0			.28,390				.5,186	03/17/2009..										
92976G-AD-3	WACHOVIA BANK NA.....		11/25/2008	AG EDWARDS.....	119,700	.150,000	.145,512	.146,552		375		375			.146,927	(27,227)	(27,227)	(27,227)	.9,689	02/01/2015..										
93933W-AC-0	WASHINGTON MUTUAL BK.....		08/05/2008	CREDIT SUISSE FIRST.....	99,750	.150,000	.145,623	.146,651		239		239			.146,891	(47,141)	(47,141)	(47,141)	.8,179	01/15/2015..										
949746-JJ-1	WELLS FARGO CO.....		06/11/2008	J P MORGAN.....	1,504,305	.1,500,000	.1,498,065	.1,499,214		171		171			.1,499,385	4,920	4,920	4,920	.5,925	01/15/2010..										
94978S-AH-2	WELLS FARGO FIN AUTO TRUST.....		12/15/2008	MBS PAYDOWN.....	463,810	.454,099	.462,822	.463,810		988		988			.463,810	0	0	0	.15,152	08/15/2010..										
962166-AR-5	WEYERHAEUSER CO.....		08/19/2008	MORGAN STANLEY DEAN WITTER.....	2,046,980	.2,000,000	.2,201,372	(20,752)		(20,752)		(20,752)			.2,180,621	(133,641)	(133,641)	(133,641)	.165,542	07/01/2013..										
87425E-AJ-2	WILCOX ENERGY.....		05/02/2008	BARCLAYS AMERICA.....	45,097	.50,000	.44,561	.44,601		22		22			.44,623	.474	.474	.474	.2,243	02/01/2037..										
25243Y-AJ-8	DIAGEO CAPITAL PLC.....	F	08/12/2008	JEFFERIES & CO.....	49,331	.50,000	.49,871	.49,883		7		7			.49,890	(559)	(559)	(559)	.2,406	09/30/2016..										
87927V-AF-5	TELECOM ITALIA CAPITAL.....	F	02/12/2008	BARCLAYS AMERICA.....	47,317	.50,000	.47,756	.47,791		4		4			.47,795	(478)	(478)	(478)	.797	11/15/2033..										
902133-AC-1	TYCO ELECTRONICS GROUP.....	F	05/20/2008	EXCHANGE OF SECURITIES.....	1,495,239	.1,500,000	.1,494,975	.1,495,085		154		154			.1,495,239	0	0	0	.64,135	10/01/2017..										
91911T-AG-8	VALE OVERSEAS LIMITED.....	F	08/12/2008	VARIOUS.....	44,273	.45,000	.44,947	.44,960		(3)		(3)			.44,957	(684)	(684)	(684)	.2,203	01/23/2017..										
4599999 - Bonds - Industrial and Miscellaneous					26,213,005	30,511,974	30,985,489	30,671,346		0	(31,535)	2,259,748	(2,291,283)	0	28,505,192	0	(2,292,193)	(2,292,193)	1,400,405	XXX										
6099999 - Bonds - Part 4					174,118,776	176,132,000	178,244,369	176,260,780		0	(159,640)	2,259,748	(2,419,388)	0	174,594,467	0	(475,702)	(475,702)	7,505,376	XXX										
6099998 - Bonds - Part 5					19,384,963	19,129,319	19,147,631	19,147,631		0	2,762	0	2,762	0	19,150,389	0	234,575	234,575	369,816	XXX										
6099999 - Total - Bonds					193,503,739	195,261,319	197,392,000	176,260,780		0	(156,878)	2,259,748	(2,416,626)	0	193,744,856	0	(241,127)	(241,127)	7,875,192	XXX										
010392-49-6	ALABAMA POWER CO.....		07/02/2008	VARIOUS.....	80,000,000	1,973,589	.25,000	2,000,000		0	0	0	0	0	2,000,000	0	(26,411)	(26,411)	.60,389											
6199999 - Preferred Stocks - Public Utilities															2,000,000	0	(26,411)	(26,411)	.60,389	XXX										
026874-80-0	AMERICAN INTERNATIONAL GROUP.....		09/17/2008	JEFFERIES & CO.....	382,697	.25,000	3,000,000	.30,000		0	0	0	0	0	3,000,000	0	(2,617,303)	(2,617,303)	.145,125											
456837-60-8	ING GROEP NV.....	F	09/16/2008	RBC CAPITAL MARKETS.....	80,000,000	1,041,512	.25,000	1,610,400		389,600		389,600			.389,600	2,000,000	0	(958,488)	(958,488)	.95,625										
456837-70-7	ING GROEP NV.....	F	12/17/2008	VARIOUS.....	40,000,000	.446,860	.25,000	1,009,200		.951,600		.57,600			.449,200	(391,600)	0	.560,000	(113,140)	.76,004										
80281R-88-8	J'S FINANCE PREFERRED UNIP.....	F	05/05/2008	VARIOUS.....	40,000,000	.692,443	.25,000	.742,000		240,000		.252,600			.252,600	(12,600)	0	.729,400	(36,957)	.14,309										
6299999 - Preferred Stocks - Banks, Trust and Insurance Companies															2,563,512	XXX	6,991,200	6,304,000	.687,200	0	701,800	(14,600)	0	6,289,400	0	(3,725,888)	(3,725,888)	331,063	XXX	
313400-73-1	FREDDIE MAC.....		09/23/2008	RBC CAPITAL MARKETS.....	.39,200,000	.30,090	.50,000	1,958,040		.1,528,800		.429,240			.429,240	1,958,040		(1,927,950)	(1,927,950)	.55,860										
313566-75-2	FANNILL MAE.....		09/23/2008	RBC CAPITAL MARKETS.....	.100,000,000	.189,050	.25,000	2,514,400		.2,570,000		(55,600)			.2,514,400	(55,600)	0	.2,325,350	(2,325,350)	.166,140										
59022C-17-8	MERRILL LYNCH & CO.....		03/27/2008	JEFFERIES & CO.....	.20,000,000	.289,000	.25,000	.503,800		.350,800		153,800			.503,800	(214,800)	0	(214,800)	(214,800)	.7,004										
59024T-20-3	MERRILL LYNCH CAPITAL TRUST II.....		09/18/2008	JEFFERIES & CO.....	.80,000,000	.953,896	.25,000	2,000,000		2,000,000		0			2,000,000	0	(1,046,104)	(1,046,104)	.96,750											
61753R-20-0	MORGAN STANLEY CAPITAL TRUST.....		09/18/2008	JEFFERIES & CO.....	.80,000,000	.669,684	.25,000	2,000,000		2,000,000		0			2,000,000	0	(1,330,316)	(1,330,316)	.96,750											
6399999 - Preferred Stocks - Industrial and Miscellaneous															2,131,720	XXX	8,976,240	8,448,800	.527,440	0	8,976,240	0	0	(6,844,520)	(6,844,520)	422,504	XXX			
6599997 - Preferred Stocks - Part 4															6,668,821	XXX	17,967,440	16,752,800	1,214,640	0	701,800	512,840	0	(10,596,819)	(10,596,819)	813,956	XXX			
6599998 - Preferred Stocks - Part 5															1,664,460	XXX	3,023,901	0	0	256,540	(256,540)	0	2,878,961	0	0	(1,102,901)	(1,102,901)	93,568	XXX	
6599999 - Total - Preferred Stocks															8,333,281	XXX	20,991,341	16,752,800	1,214,640	0	958,340	256,300	0	20,144,601	0	0	(11,699,720)	(11,699,720)	907,524	XXX
720186-10-5	PIEDMONT NAT'L GAS.....		10/07/2008	SMITH BARNEY.....	.20,000,000	.604,161	.407,700	.523,200		(52,500)		(52,500)			.428,760	1,33,461	0	1,33,461	1,33,461	.20,600	XXX									
80589M-10-2	SCANA CORP.....		05/06/2008	SMITH BARNEY.....	.10,000,000	.394,942	.428,876	.421,500		.7,376		.7,376			.428,876	(33,934)	0	(33,934)	(33,934)	.9,000	XXX									
816851-10-9	SEMpra ENERGY.....		11/20/2008	SMITH BARNEY.....	.19,985,000	.993,955	.487,441	.1,236,672		(749,231)		(749,231)			.487,441	.506,514	0	.506,514	.506,514	.19,591	XXX									
92343V-10-4	VERIZON COMMUNICATIONS.....		05/22/2008																											

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY**

**SCHEDULE D - PART 4**

**Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year**

1 CUSIP Identifi- cation	2 Description	3 For- eign	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/Stock Dividends Received During Year	21 Maturity Date
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B/A. C.V. (11 + 12 - 13)	15 Total Foreign Exchange Change in B/A. C.V.						
427866-10-8...	THE HERSHEY COMPANY		03/26/2008	SMITH BARNEY	22,000,000	.836,653	1,103,322	.866,800	236,522				236,522		1,103,322	(266,669)	.266,669	.6,545	XXX	
428236-10-3...	HEWLETT-PACKARD CO.		05/19/2008	VARIOUS	35,000,000	1,675,725	.689,516	1,766,800	(1,077,284)				(1,077,284)		.689,516	.986,208	.5,600	XXX		
478160-10-4...	JOHNSON & JOHNSON		12/23/2008	VARIOUS	11,320,000	.665,398	.268,951	.755,044	(486,093)				(486,093)		.268,951	.396,447	.20,319	XXX		
478366-10-7...	JOHNSON CONTROLS INC.		04/02/2008	VARIOUS	45,000,000	1,495,788	1,021,073	1,621,800	(600,727)				(600,727)		1,021,073	.474,715	.474,715	.8,450	XXX	
594918-10-4...	MICROSOFT CORP.		06/12/2008	VARIOUS	26,000,000	.739,436	.729,840	.925,600	(195,760)				(195,760)		.729,840	.9,596	.9,596	.5,720	XXX	
617446-44-8...	MORGAN STANLEY		03/19/2008	SMITH BARNEY	30,000,000	1,361,544	.510,251	1,593,300	(1,083,049)				(1,083,049)		.510,251	.851,293	.851,293	.8,100	XXX	
655844-10-8...	NORFOLK SOUTHERN CORP		06/10/2008	VARIOUS	13,000,000	.858,029	.663,547	.655,720	.7,827				.663,547		.655,720	.194,482	.194,482	.7,540	XXX	
742718-10-9...	PROCTER & GAMBLE		10/07/2008	SMITH BARNEY	10,000,000	.691,630	.211,416	.734,200	(522,784)				(522,784)		.211,416	.480,214	.480,214	.11,500	XXX	
743410-10-2...	PROLOGIS		11/26/2008	VARIOUS	12,700,000	.94,053	.693,197	.804,926	(111,729)				(111,729)		.693,197	(599,144)	(599,144)	.24,892	XXX	
744600-10-9...	PUBLIC STORAGE INC.		11/26/2008	VARIOUS	2,800,000	.236,353	.223,150	.205,548	.17,602				.17,602		.223,150	.13,203	.13,203	.2,530	XXX	
78440X-10-1...	SI GREEN REALTY CORP.		06/23/2008	NEXT GENERATION	7,600,000	.654,942	.975,771	.710,296	.265,475				.265,475		.975,771	(320,829)	(320,829)	.11,970	XXX	
828806-10-9...	SIMON PROPERTIES GROUP INC.		05/01/2008	BASS TRADING	7,000,000	.708,785	.591,357	.608,020	(16,663)				(16,663)		.591,357	.117,428	.117,428	.6,300	XXX	
876664-10-3...	TAUBMAN CENTERS INC		11/26/2008	RAYMOND JAMES	2,800,000	.68,335	.167,246	.137,732	.29,514				.29,514		.167,246	(98,910)	(98,910)	.4,648	XXX	
88579Y-10-1...	3M CO		02/01/2008	VARIOUS	17,000,000	1,374,822	.342,891	.1,433,440	(1,090,549)				(1,090,549)		.342,891	.1,031,931	.1,031,931	.0	XXX	
887317-10-5...	TIME WARNER INC.		03/26/2008	CITATION	110,000,000	1,582,157	.2,276,835	.1,816,100	.460,735				.460,735		.2,276,835	(694,678)	(694,678)	.6,875	XXX	
913017-10-9...	UNITED TECHNOLOGIES CORP.		05/06/2008	BEAR STEARNS & CO.	17,000,000	1,263,992	.1,245,857	.1,301,180	(55,323)				(55,323)		.1,245,857	.18,135	.18,135	.5,440	XXX	
91324P-10-2...	UNITEDHEALTH GROUP INC.		09/25/2008	MERRILL LYNCH	55,000,000	1,386,388	.2,841,406	.3,201,000	(359,594)				(359,594)		.2,841,406	(1,455,017)	(1,455,017)	.1,650	XXX	
92276F-10-0...	VENTAS INC.		05/01/2008	RAYMOND JAMES	4,500,000	.220,908	.198,687	.203,625	(4,938)				(4,938)		.198,687	.22,221	.22,221	.2,306	XXX	
929042-10-9...	VORNADO REALTY TRUST		11/26/2008	VARIOUS	4,500,000	.346,458	.428,521		.0				.0		.428,521	(82,063)	(82,063)	.7,750	XXX	
6899999 - Common Stocks - Industrial and Miscellaneous						33,931,519	XXX	28,219,703	37,261,322	(9,470,140)	0	0	(9,470,140)	0	28,219,703	0	5,711,819	5,711,819	375,373	XXX
7299997 - Common Stocks - Part 4						40,777,292	XXX	34,292,736	45,587,107	(11,722,893)	0	0	(11,722,893)	0	34,292,736	0	6,484,559	6,484,559	492,983	XXX
7299998 - Common Stocks - Part 5						1,438,649	XXX	3,151,296		0	0	0	0	3,151,296	0	(1,712,648)	(1,712,648)	40,182	XXX	
7299999 - Total - Common Stocks						42,215,941	XXX	37,444,032	45,587,107	(11,722,893)	0	0	(11,722,893)	0	37,444,032	0	4,771,911	4,771,911	533,165	XXX
7399999 - Total - Preferred and Common Stocks						50,549,222	XXX	58,435,373	62,339,907	(10,508,253)	0	958,340	(11,466,593)	0	57,588,633	0	(6,927,809)	(6,927,809)	1,440,689	XXX
7499999 Totals						244,052,961	XXX	255,827,373	238,600,687	(10,508,253)	(156,878)	3,218,088	(13,883,219)	0	251,333,489	0	(7,168,936)	(7,168,936)	9,315,881	XXX

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY**

**SCHEDULE D - PART 5**

Showing all Long-Term Bonds and Stocks ACQUIRED During Year and Fully DISPOSED OF During Current Year

1 CUSIP Identification	2 Description	3 F o r e i g n	4 Date Acquired	5 Name of Vendor	6 Disposal Date	7 Name of Purchaser	8 Par Value (Bonds) or Number of Shares (Stocks)	9 Actual Cost	10 Consideration	Change in Book/Adjusted Carrying Value				17 Total Foreign Exchange Change in B./A. C.V. (12 + 13 - 14)	18 Foreign Exchange Gain (Loss) on Disposal	19 Realized Gain (Loss) on Disposal	20 Total Gain (Loss) on Disposal	21 Interest and Dividends Received During Year	Paid for Accrued Interest and Dividends		
										12 Book/ Adjusted Carrying Value at Disposal	13 Unrealized Valuation Increase/ (Decrease)	14 Current Year's Other than Temporary Impairment Recognized	15 Total Change In B./A. C.V. (12 + 13 - 14)								
3126X2-W0-4..	FREDDIE MAC.....		12/12/2008..	FTN FINANCIAL.....	12/31/2008.	SECURITY CALLED at 100.0.....	2,000,000	1,999,688	2,000,000	1,999,725	.38		.38		.275	.275	.36,750	.32,083			
31331V-LJ-3..	FEDERAL FARM CREDIT BANK.....		.09/26/2008..	FTN FINANCIAL.....	12/26/2008.	SECURITY CALLED at 100.0.....	3,000,000	3,000,000	3,000,000	3,000,000							.0	.88,167	.47,438		
31331Y-NP-1..	FEDERAL FARM CREDIT BANK.....		.01/15/2008..	STIFEL NICOLAS COMPANY.....	04/18/2008.	SECURITY CALLED at 100.0.....	5,225,000	5,225,000	5,225,000	5,225,000							.0	.71,437			
3133MR-CM-2..	FEDERAL HOME LOAN BANK.....		.11/06/2008..	SOUTHWEST SECURITIES.....	11/24/2008.	RBC CAPITAL MARKETS.....	2,000,000	2,069,320	2,040,000	2,067,985		(1,335)		(1,335)			(27,985)	(27,985)	.12,403		
912810-PU-6..	U.S. TREASURY NOTES.....		.05/20/2008..	CITI GROUP.....	11/26/2008.	DEUTSCHE BANK.....	110,000	118,272	136,868	118,198		(74)		(74)			18,670	18,670	.3,823		
912828-EQ-9..	U.S. TREASURY NOTES.....		.06/18/2008..	DEUTSCHE BANK.....	06/27/2008.	BARCLAYS AMERICA.....	50,000	51,633	51,941	51,621		(12)		(12)			.321	.321	.48		
912828-GK-0..	U.S. TREASURY NOTES.....		.01/10/2008..	MORGAN STANLEY & CO.....	03/07/2008.	CITI GROUP.....	30,000	31,836	32,831	31,770		(67)		(67)			1,061	1,061	.731		
912828-HA-1..	U.S. TREASURY NOTES.....		.01/11/2008..	VARIOUS.....	02/29/2008.	VARIOUS.....	115,000	123,291	125,160	123,191		(99)		(99)			1,969	1,969	.3,002		
912828-HH-6..	U.S. TREASURY NOTES.....		.02/21/2008..	VARIOUS.....	03/12/2008.	VARIOUS.....	170,000	177,350	178,032	177,322		(28)		(28)			.710	.710	.2,245		
912828-HK-9..	U.S. TREASURY NOTES.....		.01/03/2008..	DEUTSCHE BANK.....	05/08/2008.	BARCLAYS AMERICA.....	40,000	40,128	40,120	40,120		(8)		(8)			.628	.628	.144		
912828-HY-9..	U.S. TREASURY NOTES.....		.06/02/2008..	VARIOUS.....	.07/09/2008..	VARIOUS.....	115,000	113,506	114,093	113,516		.10		.10			.577	.577	.500		
912828-JB-7..	U.S. TREASURY NOTES.....		.05/30/2008..	CITIGROUP.....	07/15/2008.	BARCLAYS AMERICA.....	60,000	60,319	61,050	60,312		(7)		(7)			.738	.738	.264		
912828-JH-4..	U.S. TREASURY NOTES.....		.11/19/2008..	VARIOUS.....	.11/28/2008..	VARIOUS.....	315,000	323,696	328,542	323,650		(45)		(45)			4,892	4,892	.2,907		
0399999 - Bonds - U.S. Governments							13,230,000	13,334,039	13,334,265	13,332,410		0	(1,627)	0	(1,627)		0	0	1,856	1,856	222,928
3128MG-F9-4..	FEDERAL HOME LOAN MTG CO.....		.06/24/2008..	LEHMAN BROTHERS.....	12/29/2008..	VARIOUS.....	3,000,000	2,933,906	3,078,252	2,937,871			3,965					140,381	140,381	.87,232	
31409T-RH-3..	FEDERAL NATL MTG ASSOC.....		.02/11/2008..	MERRILL LYNCH.....	11/24/2008..	VARIOUS.....	299,758	303,435	300,607	303,002		(43)		(43)			(2,395)	(2,395)	.12,748		
31415F-YW-2..	FEDERAL NATL MTG ASSOC.....		.09/24/2008..	BANQUE PARIBAS.....	11/24/2008..	VARIOUS.....	359,561	360,151	360,679	360,148		(4)		(4)			.532	.532	.2,960		
3199999 - Bonds - Special Revenue							3,659,319	3,597,492	3,739,538	3,601,021		0	3,528	0	3,528		0	0	138,518	138,518	102,940
073902-RU-4..	BEAR STEARNS CO INC.....		.01/30/2008..	VARIOUS.....	04/15/2008..	C S FIRST BOSTON.....	1,500,000	1,497,603	1,623,330	1,497,638			.36		.36			.125,692	.125,692	.23,260	
36246L-AE-1..	GS MORTGAGE SEC CORP.....		.07/09/2008..	GOLDMAN SACHS.....	.07/15/2008..	GOLDMAN SACHS.....	150,000	145,852	143,783	145,852		1		1			(2,069)	(2,069)	.411		
36962G-3U-6..	GENERAL ELECTRIC CAP CORP.....		.04/18/2008..	BARCLAYS AMERICA.....	.11/19/2008..	BARCLAYS AMERICA.....	80,000	80,022	72,260	80,022		0		0			(7,762)	(7,762)	.2,663		
68389X-AD-7..	ORACLE CORP.....		.04/03/2008..	VARIOUS.....	.11/24/2008..	J P MORGAN.....	75,000	75,392	72,659	75,348		(44)		(44)			(2,689)	(2,689)	.2,362		
88732J-AG-3..	TIME WARNER CABLE INC.....		.03/25/2008..	BARCLAYS AMERICA.....	.05/29/2008..	JEFFERIES & CO.....	75,000	73,487	74,259	73,549		.62		.62			.710	.710	.968		
92978N-AE-4..	WACHOVIA BANK COM MTG TR.....		.02/19/2008..	LEHMAN BROTHERS.....	.07/15/2008..	WACHOVIA BANK OF GEORGIA.....	135,000	127,723	130,349	127,950		228		228			.2,398	.2,398	.3,753		
92979F-AD-2..	WACHOVIA BANK COM MORT TR.....		.02/14/2008..	WACHOVIA BANK OF GEORGIA.....	.10/02/2008..	GREENWICH CAPITAL.....	125,000	117,583	107,456	117,952		369		369			(10,496)	(10,496)	.4,850		
11102A-AB-7..	BRITISH TELECOM PLC.....	F	.03/19/2008..	HSBC SECURITIES LTD.....	.11/24/2008..	J P MORGAN.....	100,000	98,438	87,064	98,647		209		209			(11,583)	(11,583)	.4,950		
4599999 - Bonds - Industrial and Miscellaneous							2,240,000	2,216,100	2,311,160	2,216,958		0	861	0	861		0	94,201	94,201	43,948	
6099998 - Subtotal Bonds							19,129,319	19,147,631	19,150,389	19,150,389		0	2,762	0	2,762		0	234,575	234,575	369,816	
456837-50-9..	JNG GROEP NV.....	F	.03/27/2008..	JEFFERIES & CO.....	.09/16/2008..	DEUTSCHE BANK.....	20,000,000	430,750	259,400	430,750			0		0		(171,350)	(171,350)	.15,312		
456837-70-7..	JNG GROEP NV.....	F	.03/27/2008..	JEFFERIES & CO.....	.12/17/2008..	RBC CAPITAL MARKETS.....	10,000,000	251,600	111,400	251,600			111,600		(111,600)		(28,600)	(28,600)	.13,828		
6299999 - Preferred Stocks - Banks, Trust and Insurance Companies							682,350	370,800	682,350	0		0	111,600		(111,600)		0	0	(199,950)	(199,950)	29,140
313586-75-2..	FANNIE MAE.....		.07/10/2008..	FTN FINANCIAL.....	.09/23/2008..	RBC CAPITAL MARKETS.....	20,000,000	375,000	58,120	375,000			0		0			(316,880)	(316,880)	.10,312	
369622-44-4..	GENERAL ELECTRIC CAP CO.....		.08/04/2008..	JEFFERIES & CO.....	.12/16/2008..	RBC CAPITAL MARKETS.....	17,000,000	425,000	383,265	377,060			47,940		(47,940)			.6,205	.6,205	.7,597	
929903-27-6..	WACHOVIA CORP.....		.07/23/2008..	VARIOUS.....	.09/16/2008..	RBC CAPITAL MARKETS.....	50,000,000	1,041,551	523,135	1,041,551			0		0			(518,416)	(518,416)	.25,000	
018805-20-0..	ALLIANZ SE.....	F	.06/03/2008..	JEFFERIES & CO.....	.12/16/2008..	RBC CAPITAL MARKETS.....	20,000,000	500,000	329,140	403,000			97,000		(97,000)			(73,860)	(73,860)	.21,519	
6399999 - Preferred Stocks - Industrial and Miscellaneous							2,341,551	1,293,660	2,196,611	0		0	144,940		(144,940)		0	0	(902,951)	(902,951)	.64,428
6599998 - Total - Preferred Stocks							3,023,901	1,664,460	2,878,961	0		0	256,540		(256,540)		0	0	(1,102,901)	(1,102,901)	.93,568
37247D-10-6..	GENWORTH FINANCIAL INC.....		.08/18/2008..	MERRILL LYNCH.....	.09/30/2008..	BEAR STEARNS & CO.....	.50,000,000	762,405	408,033	762,405			0		0			(354,372)	(354,372)		
6799999 - Common Stocks - Banks, Trust and Insurance Companies							762,405	408,033	762,405	0		0	0		0		(354,372)	(354,372)	0		
297178-10-5..	ESSEX PROPERTY TRUST INC.....		.05/01/2008..	CANTOR FITZGERALD.....	.11/26/2008..	FREIDMAN BILLINGS RAMSEY.....	.600,000	.72,111	.49,575	.72,111								(22,536)	(22,536)	.1,224	
305560-10-4..	FAIRPOINT COMMUNICATIONS INC.....		.04/01/2008..	STOCK.....	.05/06/2008..	BEAR STEARNS & CO.....	1,554,000	.8,594	.13,970	.8,594								.5,376	.5,376		
427866-10-8..	THE HERSHEY COMPANY.....		.08/18/2008..	BEAR STEARNS & CO.....	.11/20/2008..	SMITH BARNEY.....	20,000,000	.752,580	.675,378	.752,580							(77,202)	(77,202)	.5,950		
554382-10-1..	THE MACERICH COMPANY.....		.05/01/2008..	VARIOUS.....	.12/08/2008..	VARIOUS.....	10,800,000	.804,325	.126,340	.804,325							(677,986)	(677,986)	.25,920		
78440X-10-1..	SL GREEN REALTY CORP.....		.08/06/2008..	VARIOUS.....	.11/26/2008..	VARIOUS.....															

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY**

**SCHEDULE D - PART 6 - SECTION 1**

Valuation of Shares of Subsidiary, Controlled or Affiliated Companies

1 CUSIP Identification	2 Description Name of Subsidiary, Controlled or Affiliated Company	3 Foreign	4 NAIC Company Code or Alien Insurer Identification Number	5 NAIC Valuation Method (See SVO Purposes and Procedures Manual)	6 Do Insurer's Admitted Assets Include Intangible Assets Connected with Holding of Such Company's Stock?	7 Total Amount of Such Intangible Assets	8 Book / Adjusted Carrying Value	Stock of Such Company Owned by Insurer on Statement Date	
								9 Number of Shares	10 % of Outstanding
62142*-10-9.....	Mt. Hawley Insurance Company.....		37974.....	3iiA.....	No.....		470,109,432.....	1,000,000.....	100.0.....
1199999 - Common Stock - U.S. P&C Insurer							470,109,432.....	XXX.....	XXX.....
99C000-16-5.....	RLI Ltd.....		00000.....	3iiA.....	No.....		1,096,490.....	24,000,000.....	100.0.....
1499999 - Common Stock - Alien Insurer							1,096,490.....	XXX.....	XXX.....
749870-10-0.....	RLI Underwriting Services.....		00000.....	3iiA.....	No.....		565,273.....	9,621,000.....	100.0.....
78639#-10-1.....	Safe Fleet Insurance Services.....		00000.....	3iiA.....	No.....		(22,138).....	10,000,000.....	100.0.....
904436-10-4.....	Underwriters Indemnity General Agency.....		00000.....	3iiA.....	No.....		998,707.....	1,000,000.....	100.0.....
1799999 - Common Stock - Other Affiliates							1,541,842.....	XXX.....	XXX.....
1899999 - Total Common Stocks							472,747,764.....	XXX.....	XXX.....
1999999 Totals							472,747,764.....	XXX.....	XXX.....

1. Amount of insurer's capital and surplus from the prior period's statutory statement reduced by any admitted EDP, goodwill and net deferred tax assets included therein: \$ .....
2. Total amount of intangible assets nonadmitted: \$ .....

**SCHEDULE D - PART 6 - SECTION 2**

1 CUSIP Identification	2 Name of Lower-Tier Company	3 Name of Company Listed in Section 1 Which Controls Lower-Tier Company	4 Total Amount of Intangible Assets Included in Amount Shown in Column 7, Section 1	Stock in Lower-Tier Company Owned Indirectly by Insurer on Statement Date	
				5 Number of Shares	6 % of Outstanding
000000-01-8.....	RLI Indemnity Company.....	Mt. Hawley Insurance Company.....		600,000,000.....	100.0.....
0399999 Total				XXX.....	XXX.....

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY

## SCHEDULE DA - PART 1

Showing all SHORT-TERM INVESTMENTS Owned December 31 of Current Year

Schedule DB - Part A - Section 1

**NONE**

Schedule DB - Part A - Section 2

**NONE**

Schedule DB - Part A - Section 3

**NONE**

Schedule DB - Part B - Section 1

**NONE**

Schedule DB - Part B - Section 2

**NONE**

Schedule DB - Part B - Section 3

**NONE**

Schedule DB - Part C - Section 1

**NONE**

Schedule DB - Part C - Section 2

**NONE**

Schedule DB - Part C - Section 3

**NONE**

Schedule DB - Part D - Section 1

**NONE**

Schedule DB - Part D - Section 2

**NONE**

Schedule DB - Part D - Section 3

**NONE**

Schedule DB - Part E - Section 1

**NONE**

## **ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY**

## **SCHEDULE E - PART 1 - CASH**

**TOTALS OF DEPOSITORY BALANCES ON THE LAST DAY OF EACH MONTH DURING THE CURRENT YEAR**

1. January .....	(3,931,123)	4. April .....	(2,966,274)	7. July .....	(1,669,378)	10. October .....	(1,497,101)
2. February .....	(1,579,728)	5. May .....	2,208,688	8. August .....	(6,110,236)	11. November .....	(10,057,227)
3. March .....	(968,413)	6. June .....	(6,643,776)	9. September .....	(2,616,550)	12. December .....	(5,174,941)

## **ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY**

## **SCHEDULE E - PART 2 - CASH EQUIVALENTS**

**Show Investments Owned December 31 of Current Year**

# **NONE**

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**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE RLI INSURANCE COMPANY**

**SCHEDULE E PART 3 - SPECIAL DEPOSITS**

States, Etc.	1 Type of Deposits	2 Purpose of Deposits	Deposits For The Benefit of All Policyholders		All Other Special Deposits	
			3 Book/Adjusted Carrying Value	4 Fair Value	5 Book/Adjusted Carrying Value	6 Fair Value
1. Alabama .....	AL					
2. Alaska .....	AK					
3. Arizona .....	AZ					
4. Arkansas .....	AR					
5. California .....	CA					
6. Colorado .....	CO					
7. Connecticut .....	CT					
8. Delaware .....	DE					
9. District of Columbia .....	DC					
10. Florida .....	FL					
11. Georgia .....	GA	B..	Property & Casualty..		100,504	103,469
12. Hawaii .....	HI					
13. Idaho .....	ID					
14. Illinois .....	IL	B..	Property & Casualty..	2,500,921	2,538,516	
15. Indiana .....	IN					
16. Iowa .....	IA					
17. Kansas .....	KS					
18. Kentucky .....	KY					
19. Louisiana .....	LA	B..	Property & Casualty..		150,755	155,203
20. Maine .....	ME					
21. Maryland .....	MD					
22. Massachusetts .....	MA	B..	Property & Casualty..		603,021	620,813
23. Michigan .....	MI					
24. Minnesota .....	MN					
25. Mississippi .....	MS					
26. Missouri .....	MO					
27. Montana .....	MT					
28. Nebraska .....	NE					
29. Nevada .....	NV					
30. New Hampshire .....	NH					
31. New Jersey .....	NJ					
32. New Mexico .....	NM	B..	Property & Casualty..		500,921	509,766
33. New York .....	NY					
34. North Carolina .....	NC	B..	Property & Casualty..		301,511	310,407
35. North Dakota .....	ND					
36. Ohio .....	OH					
37. Oklahoma .....	OK	B..	Property & Casualty..		350,645	356,836
38. Oregon .....	OR	B..	Surety..		301,511	310,406
39. Pennsylvania .....	PA					
40. Rhode Island .....	RI					
41. South Carolina .....	SC					
42. South Dakota .....	SD					
43. Tennessee .....	TN					
44. Texas .....	TX					
45. Utah .....	UT					
46. Vermont .....	VT					
47. Virginia .....	VA					
48. Washington .....	WA					
49. West Virginia .....	WV					
50. Wisconsin .....	WI					
51. Wyoming .....	WY					
52. American Samoa .....	AS					
53. Guam .....	GU					
54. Puerto Rico .....	PR					
55. US Virgin Islands .....	VI					
56. Northern Mariana Islands .....	MP					
57. Canada .....	CN					
58. Aggregate Other Alien .....	OT	XXX	XXX	.0	.0	.0
59. Total .....		XXX	XXX	2,500,921	2,538,516	2,308,868
						2,366,900
<b>DETAILS OF WRITE-INS</b>						
5801. ....						
5802. ....						
5803. ....						
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	XXX		.0	.0	.0
5899. Totals (Lines 5801 - 5803 + 5898)(Line 58 above)	XXX	XXX		0	0	0

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